

Middle Metn Tourism Assessment And Strategic Plan

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I. INTRODUCTION

A. Purpose of the Study

The purpose of the study is to provide a research-based blueprint for developing Middle Metn/Mt. Lebanon into a year-round attraction. The report assesses Middle Metn's strengths and weaknesses, and examines high-potential initiatives and actions which could significantly boost tourism development in the region. The report is intended to serve as a regional tourism development strategy document, including ideas on target products and other high priority tourism foundation development initiatives.

The study was undertaken by SRI International, under funding from USAID/Lebanon. The project is part of a broader initiative to improve competitiveness of the tourism industry cluster in Lebanon. The Middle Metn region of Mount Lebanon was selected as the first in a series of regional tourism pilot projects in which SRI/USAID would provide strategic assistance.

The SRI project team was comprised of Nancy Cockerell, Consultant, and Ophelia Yeung and Peter Boone of SRI International. The Information International Team which undertook the visitors' survey consisted of Zeina Akar Addra and Iman Bechara.

The SRI project team worked in close collaboration with Middle Metn Tourism Development Project Team, which requested the study. Mr. Pierre Achkar, Vice President of the National Council of Tourism in Lebanon, and Mayor of the Broummana District, was the principal Middle Metn organizer for the study. In addition, other key Middle Metn Tourism Development Project Team members included: Louis Abi-Habib, Natalie Abou-Chacra, Edward Aoun, Sabah Baz and Philippe Skaf.

B. Middle Metn Tourism Overview

The Middle Metn region selected stretches from Mansourieh to Zaarour and includes Ain Saadeh, Beit Mery, Roumieh, Broummana, Baabdat and Bhannes, passing through Bikfaya, Naas and Dhour El-Shoueir.

Tourism in Middle Metn/Mount Lebanon is active during the summer months, attracting Lebanese and international tourists mainly on the basis of its quiet ambiance and cooler temperatures compared with Beirut. The region is much less active as a tourist destination during the rest of the year.

The area is not yet considered a winter resort, since it is at a lower elevation than the most popular Lebanese ski resorts. The region has few historic or archaeological sites to make it a natural year-round attraction. Hotels have not succeeded in drawing enough tourists or business travelers during the off-season to revive the area. The result is that Mount Lebanon's tourism industry is currently not as vibrant as local industry leaders would like.

C. Research Methodology

The SRI team utilized a combination of desk and field research. We analyzed both the supply and demand sides of the tourism equation in Middle Metn. The first phase of our evaluation focused on the supply side, available tourism products, attractions, and tourism activities in Middle Metn.

The second phase focused on the demand side. Field surveys by Information International in Beirut, Mount Lebanon (two hotels) and Jounieh were undertaken to identify business and leisure visitor needs and perceptions, and travel experiences. This survey also assessed the image of Middle Metn from the visitor's perspective, and also looked into industry perceptions of the region. A total of 200 responses were received from the survey questionnaires. In addition, two focus group meetings – one with male Arabs and one with a mixed group of European tourists were conducted.

The demand survey also examined research in key source markets – existing and potential – notably the Gulf and Europe. Interviews with both consumers (Information International's focus groups in Bahrain, Saudi Arabia and Dubai) and tour operators/retail travel agents (in Europe) to assess knowledge/perceptions about Lebanon and, where possible, the Middle Metn region of Mount Lebanon.

The survey also included interviews with leading hotel groups about their perceptions of Lebanon and the operating climate and with suppliers (hotel, resort and attractions' operators, etc.) from competitive destinations (Dubai, Egypt, Jordan, Syria, etc.).

The supply and demand assessments have been integrated into one overall tourism development assessment and strategy document for the Middle Metn region. The team found that Middle Metn has considerable latent potential. The SRI team thinks that regional tourism development could be significantly boosted if the cluster's stakeholders undertake a comprehensive and focused regional tourism cluster action plan. The key action plan steps and initiatives are elaborated in the final chapter of this report.

II. OVERVIEW OF LEBANON TOURISM

A. Tourism Development - Pre-war to the Present Day

Prior to the 1975-1991 war, Lebanon had a thriving tourism industry. For the hundreds of thousands of nationals from the more traditional Arab countries who visited Lebanon in the early 1970s, it offered the freedom of Europe at just a few hours away. It was a cosmopolitan, multi-lingual, fun-loving destination with a heady mix of East and West, of traditional and modern – as well as an important center for financial services.

Enjoying a Mediterranean climate, with dry summers, Lebanon includes an extensive coast plus mountain resorts, such as the world-renowned Cedars, and a number of those are well equipped for winter skiing. Its boast in its heyday was that it was possible to ski and swim on the same day. By the late-1960s tourism had become an important sector of the local economy, with its many archaeological sites an increasing draw for Western tourists. In 1974, just before the outbreak of war, the tourism industry accounted for an estimated 20 percent of GDP. International arrivals topped 1.4 million and tourism receipts had grown nearly five-fold since 1964.

Not surprisingly, Lebanon's tourism suffered badly from 16 years of civil war, and most of its tourism infrastructure was destroyed or severely damaged. Although the country embarked rapidly on a major reconstruction and rehabilitation program after the end of the hostilities, it will be several years before the major infrastructure work is completed. Beirut's new airport and port are operational, but roads and telecommunications are still far from adequate, and the planned new rail system is not yet built.

However, there are several developments which brings optimism. More than US\$7 billion of expatriate money has returned to Lebanon since the end of the war and Lebanese exiles – who represent about four times the population of Lebanese in the country – are increasingly returning as tourists, or to take up residence again. There is a good climate for growth and investment. The Lebanese economy poses almost no trade barriers, it has a freely floating exchange rate mechanism allowing easy access to funds, as well as a corporate taxation policy that particularly favors foreign companies.

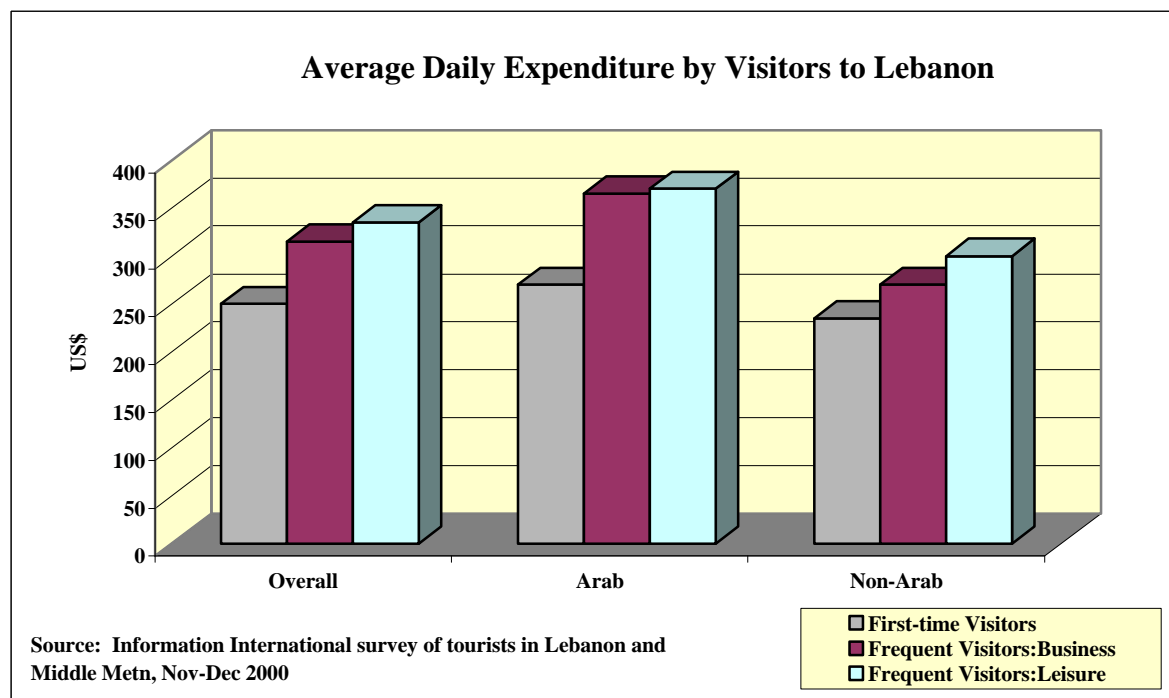
A large number of hotel projects, including both new builds and renovations, have been completed or are under construction, and many of these have attracted large international hotel management companies. A number of projects have been postponed, due to economic and market uncertainties. But at least 6,000 new rooms, many of them under international brands, have either opened or are scheduled to come on line in Beirut between 1996 and 2003 – representing well over US\$500 million in total investment. This is in addition to some US\$330 million already invested in the sector from 1994 to 1996.

B. Recent Trends

Visitor Expenditures

Lebanon's official visitor expenditure figures need to be interpreted with caution as they are merely estimates by the World Tourism Organization (WTO) based on incomplete data from the Ministry of Tourism. However, the high visitor spending – US\$1,199 per tourist arrival in 1999 – is substantiated by local Lebanese studies comparing the cost of traveling to Lebanon with other neighboring countries. Hospitality services are considerably higher priced in Lebanon than in Cyprus, Egypt, Israel, Syria and Jordan, and Lebanon is the second most expensive destination after Dubai in terms of room rates. Food and local transportation costs are also higher than in most of the other neighboring destinations.

The trend is partly due to the fact that Lebanon attracts primarily high-yield tourists, such as business travelers or upscale tour groups. Budget-conscious group tours are very much in their infancy. The market research conducted by Information International for the purposes of this study found that frequent travelers to Lebanon spend an average of US\$335 per day for leisure trips, and US\$315 per day for business trips. For first-time visitors the overall average is lower, at US\$250, but this is still well above the average for destinations such as Jordan or Egypt. Arab visitors in all categories (first-time visitors, frequent business travelers, and frequent leisure travelers) spend significantly more than non-Arab travelers.



Growth in Arrivals

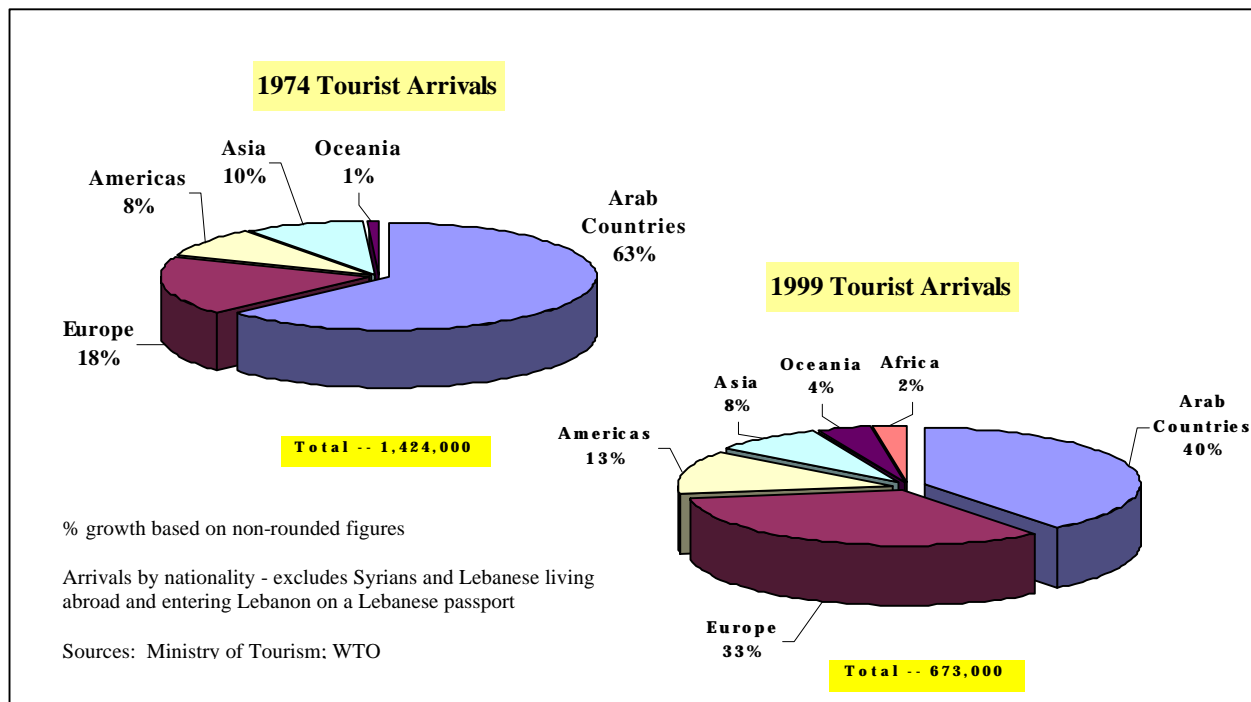
Lebanon's international tourist arrivals have risen steadily since 1992, peaking at 673,000 in 1999. However, this was less than half the total arrivals recorded by either Jordan or Syria, its main competitors. Despite a growth of 9.2 percent in the first nine months of last year, preliminary indications point to stagnation, or possibly even a decline, for 2000. This was largely due to the continuing political uncertainties in the region as a result of the collapse of the peace talks between Palestine and Israel and the withdrawal of Israel from southern Lebanon in May 2000. Increased local tensions had an immediate impact on arrivals in the last three months of the year.

Lebanon's International Tourist Arrivals and Tourism Receipts 1974, 1992 and 1998-2000				
Year	Arrivals^a (‘000)	% Annual Change	Receipts (US\$ mn)	% Annual Change
1974	1,424	na	na	na
1992	210	na	420	na
1998	600	7.5	1,221	22.1
1999	673	12.2	807	-33.9
2000 ^b	597	9.2	Na	na
^a Arrivals by nationality – excludes Lebanese living abroad and entering Lebanon on a Lebanese passport. ^b Jan-Sep 2000 only. Sources: Ministry of Tourism, Lebanon; World Tourism Organization (WTO).				

Arrivals significantly fell short of the levels projected in the Lebanon Masterplan Tourism Development Study carried out by WTO in collaboration with UNDP and the French Government in 1995/96. The study forecast 1.2 million international arrivals by 1998, rising to 2.8 million by 2003 – a target that is now clearly unrealistic.

Although reliable data is not available to confirm the trend, leisure travel appears to have grown faster than business travel, but the difference has been less significant than expected. WTO forecast that the share of business travelers, estimated at 53 percent in 1995, would fall to 31 percent by 2003. It is probably still in the high 40s.

Tourists from Arab countries accounted for 39.5 percent of total arrivals in Lebanon in 1999 – down from 63 percent before the war in 1974. This share, which is based on a nationality rather than residence count, excludes arrivals from Syria and expatriate Lebanese entering the country on a Lebanese passport. Europe generated 33.3 percent (18.0 percent in 1974) and the Americas 12.6 percent (8.4 percent).



C. Visitor Profile

Key Markets

In terms of arrivals, Saudi Arabia is the most important single market, followed by France. The latter's importance is partly due to the large numbers of Lebanese in the country, many of whom have dual nationality. There is also a significant share of Lebanese among arrivals from Australia, South America and even the United States and Canada.

The U.S. ban on travel by its citizens to Lebanon, which was lifted in 1997, has boosted arrivals from that market over the last few years, although the increase has been less marked than might be expected since many Americans traveled on non-U.S. passports prior to that date.

The majority of arrivals from South and Southeast Asia – Sri Lanka, India and the Philippines – and Ethiopia are workers, and a significant share of visitors from the former Soviet Union end up working in bars and nightclubs. This is the main reason why it is so difficult for Russians to obtain visas, since the Lebanese authorities want to discourage this practice. But there has also been fairly strong demand from Russia for tour packages to Lebanon, although total numbers from Russia have fallen from over 9,000 in 1995 to less than 6,000 in 1999.

International Tourist Arrivals^a in Lebanon by Major Markets, 1995 and 1998-99 (‘000)				
Market	1995	1998	1999	% Change 1999/98
Saudi Arabia	35	69	83	19.2
France	43	59	67	14.4
Jordan	50	54	61	13.7
Kuwait	21	40	41	2.2
USA	17	31	40	28.5
Egypt	21	39	34	-13
Germany	19	27	30	10.6
Canada	20	22	28	25.9
Australia	19	24	28	13.7
UK	16	22	22	1.6
Italy	12	15	16	17.6
Iran	7	6	14	135.8
Sri Lanka	9	17	10	-38.1
Sweden	7	8	10	31.6
United Arab Emirates	4	10	9	-8.2
Ethiopia	na	7	9	35.7
Belgium	4	6	8	19.4
India	4	8	8	-8.6
Netherlands	4	6	9	20.2
Switzerland	4	5	6	22.8
Total (incl others)	450	600	673	12.3
^a Arrivals by nationality – excludes Syrians and Lebanese living abroad and entering Lebanon on a Lebanese passport. Sources: Ministry of Tourism; WTO.				

Average Length of Stay

The longest average length of stay recorded by a survey conducted by the Ministry of Tourism is for Romania, Russia and the Ukraine. As already indicated, the majority of these are not *bona fide* tourists. Most Arab and European customers average around three nights in the country. Average length of stay is slightly higher for the Americans and Canadians, at 3.6 and 3.4 nights respectively.

The relatively low length of stay reflects the predominance of business and official travel, but is also indicative of the type of leisure travel into the country. Most Western tour packages, whether for groups or independent travelers, include Lebanon as just one stop on a multi-destination tour of the Near East, combined either with Syria or Jordan, or both.

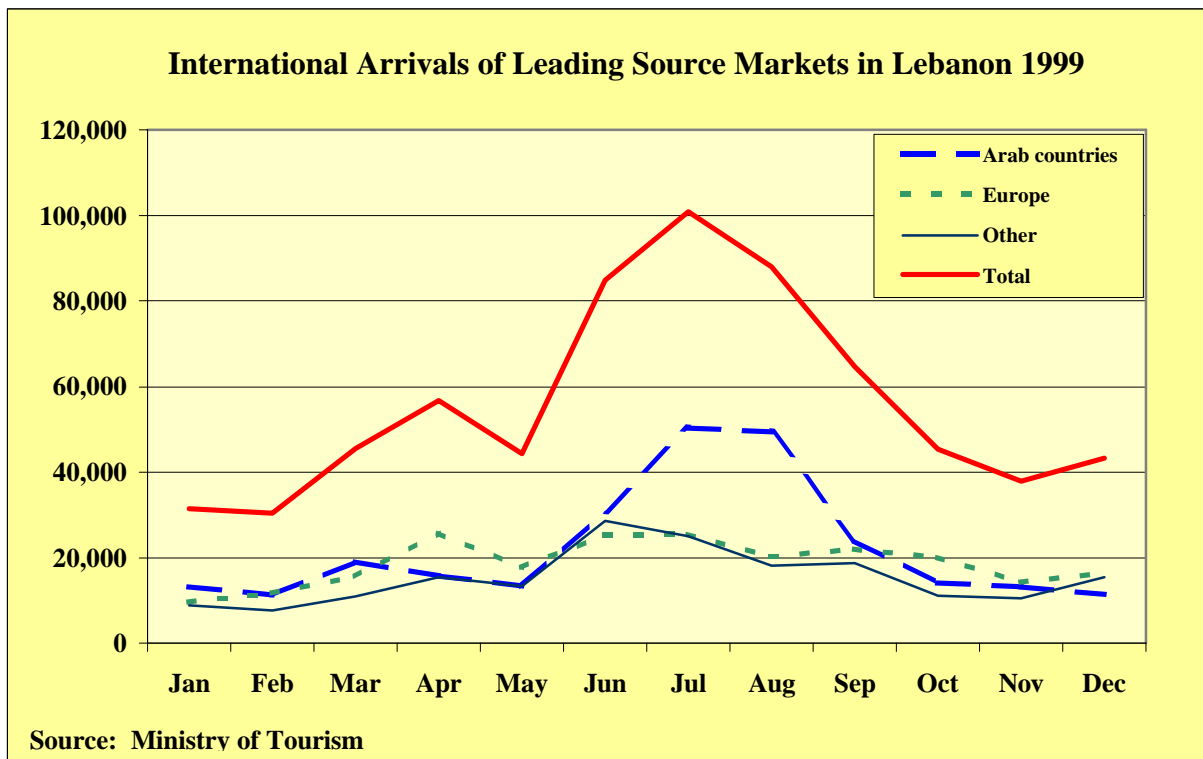
The total volume of tourist nights spent in Lebanon understates the true overnight volume, since it is only based on a sample of hotels and furnished apartments over a 12-month

period. Nevertheless, it highlights the relative importance of Lebanese and Syrian tourists in the country's tourism industry. It should also be noted that the majority of Lebanese visitors spend most, if not all, of their time in the country staying with friends and relations.

Nights^a Spent in Lebanon's Hotels and Furnished Apartments by Major Markets, 1999			
Market	Nights	% of Total	Average No. Of Nights Per Visitor
Lebanon	26,769	12.5	2.7
Syria	23,732	11.1	2.2
France	22,778	10.6	3.3
Saudi Arabia	16,277	7.6	3
Jordan	14,297	6.7	2.5
UK	11,715	5.5	3.1
Kuwait	11,008	5.1	2.7
USA	9,427	4.4	3.6
Egypt	8,034	3.7	2.9
Italy	7,830	3.6	3.1
Ukraine	5,735	2.7	10.9
Germany	5,534	2.6	2.7
Russia	5,155	2.4	12
United Arab Emirates	3,744	1.7	2.6
Romania	3,730	1.7	19.5
Netherlands	3,605	1.7	2.4
South Africa	3,376	1.6	2.6
Belgium	3,094	1.4	2.6
Canada	2,330	1.1	3.4
Bahrain	2,213	1	2.8
Total (incl others)	214,700	100	4.2
Note: The data is based on the results of a 12-month survey of 100 classified hotels and furnished apartments representative of the total accommodation supply in Lebanon. ^a Nights by nationality Sources: Ministry of Tourism			

Seasonality

Arrivals peak during the summer months of June to August. This imbalance intensified in 2000 with August arrivals up 36.7 percent over the previous year's level. Arabs generally prefer the months of July and August while Europeans are more likely to visit out of the peak summer season, opting also for the cooler shoulder seasons of spring and autumn.



Organization of Travel

The Association of Travel & Tourist Agents in Lebanon (ATTAL) has around 250 members and there are several hundred more unlicensed agencies. However, only around 32 operate tours for foreigners in Lebanon. Standards reportedly vary sharply, which explains why some foreign tour operators programming Lebanon handle their own ground arrangements in the country. This is also one reason why costs are relatively high.

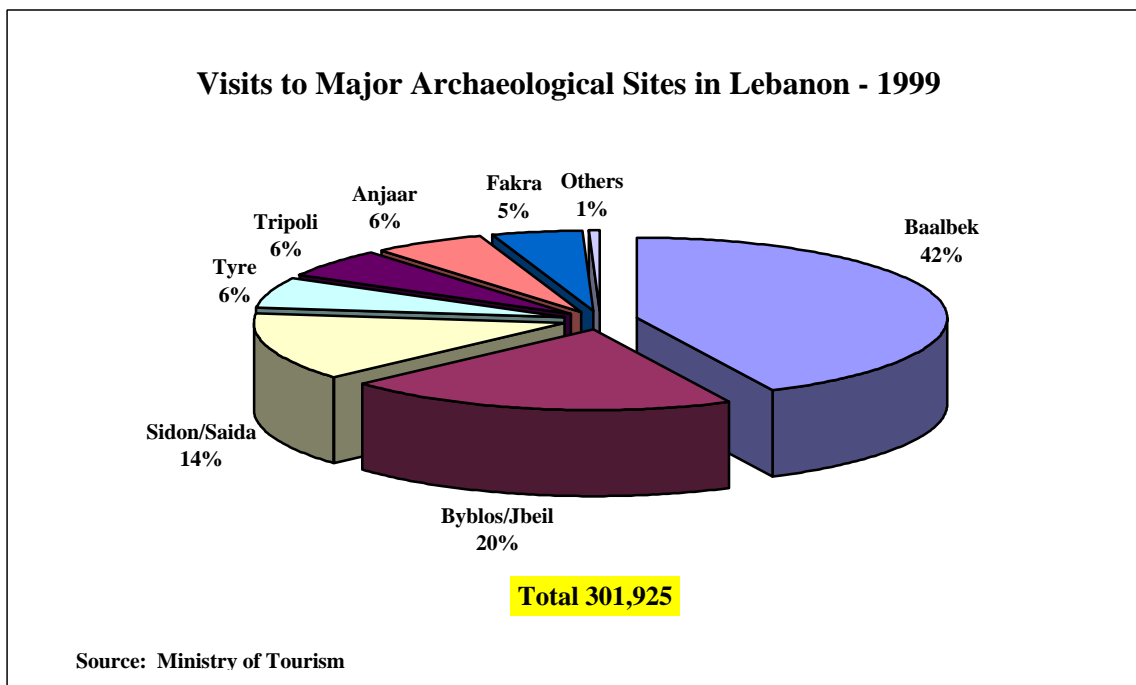
Tour packages out of Western Europe tend to be fairly upscale – a lead-in price of at least US\$1,000 a week half board including sightseeing – and mainly attract culturally- oriented, older clients. Most tours cover at least two destinations – either Syria and/or Jordan in combination with Lebanon. The lower-cost tours tend to fly into and out of Damascus because of lower airfares, with onward travel to Lebanon by land.

Arab tourists tend to be more interested in relaxation and recreation, although sightseeing is on the increase and tourism from the Gulf has been boosted by events such as the Arab Tourism Festival and Lebanese Shopping Festival, launched in summer 1997.

Tourist Attractions

Ministry of Tourism figures suggest that the total number of archaeological site visits in 1999 was slightly under 302,000. Of these, Baalbek accounted for 129,100 or close to 42 percent. And 70 percent of visits to Baalbek were made by Lebanese – whether domestic or

international visitors. Jbeil/Byblos is the most popular archaeological site after Baalbek, followed by Saidon/Saida and Tyre. Anjaar, only attracted a modest 17,700 visitors in 1999.

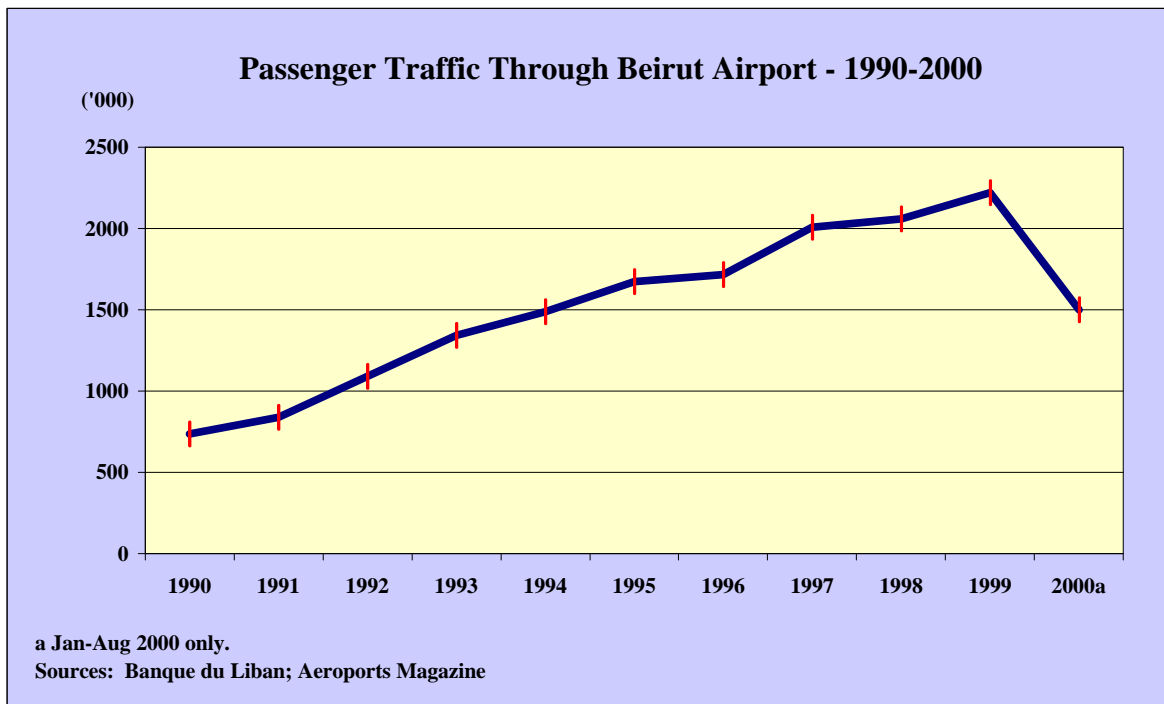


Not all tourists to the country visit archaeological sites, but this is the main attraction for leisure tourists to Lebanon. Other very popular sites in the country include the Cedars of Lebanon and the surrounding mountain resorts, and the different grottoes, the most famous of which is at Jeita. This underground river, which was first discovered in 1836, was a major attraction in the country until it was forced to close in 1975. After the war, the Lebanese government commissioned a German company to renovate and re-equip the site on a build-operate-transfer (BOT) basis. It reopened in July 1995 and is once again a leading attraction for domestic and international visitors, located at only about one hour from Beirut. In 1999 it attracted nearly 280,000 visitors – almost as many as the total visitation at archaeological sites.

A major attraction for Arab tourists, in particular, is Lebanon's famous casino, le Casino du Liban, in the hills above Jounieh. In the 1960s and early 1970s, the casino's extravagant floor shows and glamorous atmosphere made it an essential stop on the international jetset trail. It reopened in December 1996. More than just another reconstruction project, its re-opening was designed to signal the rebirth of Lebanon's position as the fun-loving Monte Carlo of the Middle East.

D. Transportation and Access

Although there is an unspecified number of border crossings into Lebanon from Syria and Jordan and cruise passengers are increasing their share of arrivals, more than two-thirds of international arrivals are by air. Airline passenger traffic increased strongly through the 1990s and was expected to rise by around 7 percent in 2000 based on actual results for the first nine months of the year.



Although Lebanon attracted far fewer international tourists than neighboring Syria and Jordan, Beirut recorded almost the same number of passengers as Amman and around 30 percent more than Damascus. This is due to the high volume of outbound travel from the country.

E. Accommodation

The number of hotel rooms in Beirut, which was around 10,000 before the civil war, fell to a low of 800 in 1992. In mid-1995, the Ministry of Tourism reported that there were 38 hotels in operation in the city with a combined total of 2,772 rooms. This rose to an estimated 3,466 in mid-1996 – although local reports put the total as high as 6,000. Current estimates put the total rooms in the country at around 11,000 with 55 percent of them in Beirut.

Lebanon's tourism masterplan called for some 26,000 rooms of all different categories by 1998. Of these, 74 percent were needed outside Beirut, the report said, in order to meet demand for 5.4 million room nights – 2.8 million in hotels and 2.6 million in other forms of registered accommodation. These expectations have now been proven to be overly ambitious.

Although it focuses only on the upscale hotel sector, Arthur Andersen's annual benchmarking survey provides a good indication of hotel operating performance over the past five years and explains why a number of new hotel projects have either been cancelled or put on hold. Beirut experienced its first drop in average room occupancy in 1999 since the end of the war as a result of the increased supply in the capital. Occupancy in first-class and deluxe hotels fell a further 4.2 percent to 61.8 percent in 2000, according to Arthur Andersen, and average room rate was down 22.5 percent to US\$121.41. Yield fell even more sharply, by 25.7 percent, to US\$75.04.

The hotel industry has added rooms throughout the 1990s, despite the sluggish economic growth in the latter half of the decade. A 1,700 room increase was expected in 2000, with an average 1,000 room increase each year in 2001 and 2002. The 1990s has also witnessed the refurbishment of several of the deluxe hotels.

The significant ongoing hotel development in the city center is likely to maintain downward pressure on market performance and rates. The 460-room Phoenicia Inter-Continental was the largest of several new additions to supply in 2000, following a US\$100 million refurbishment. In addition to siphoning off most conference business in Beirut, the Phoenicia's opening has had a detrimental effect on leisure business generally – not just in Beirut but also in neighboring Mount Lebanon.

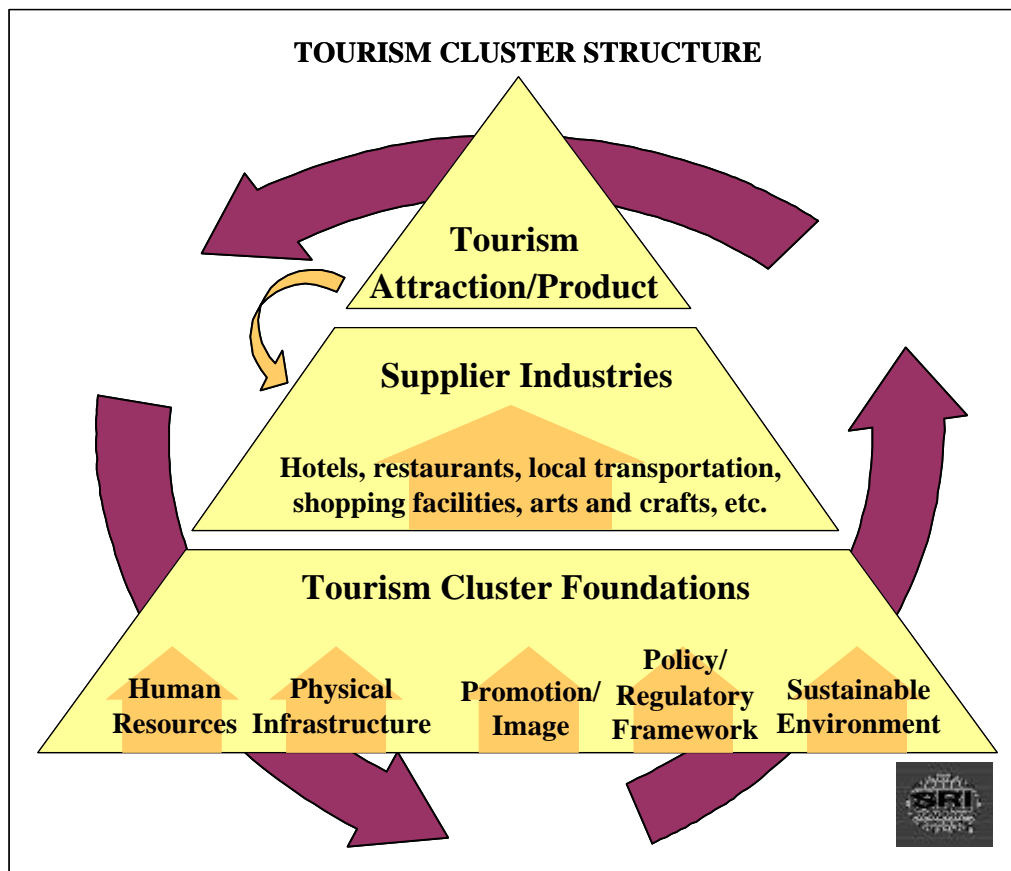
International hotel management companies are increasingly looking outside Beirut and neighboring Jounieh for development opportunities. Considerable private sector investment has been and is being made in existing ski resorts, in anticipation of an influx of new winter sports enthusiasts once the political situation has eased. A new, US\$40 million complex, including an Inter-Continental hotel, has been built at Faraya-Mzaar, one of the best equipped and busiest of all the resorts. Sheraton will also manage a 140-room luxury property under development in Brummana.

III. LEBANON TOURISM FOUNDATION AND COMPETITIVENESS ASSESSMENT

A. Tourism Cluster Foundation

In numerous projects assisting nations and regions to develop the tourism industry, SRI has applied the cluster methodology. The cluster approach goes beyond merely assessing a region's competitive advantages to understanding and acting on the competitiveness of the linkages between all players in the industry and the relationships between industry players and a region's economic foundations. SRI's approach to analyzing Lebanon's and Middle Metn's tourism cluster and developing action strategies is based on an analysis of the following supportive tourism cluster foundation, which encompasses:

- Human Resources
- Physical Infrastructure
- Promotion/Image
- Policy/Regulatory Framework
- Sustainable Environment



This foundation forms the basis of a strong tourism cluster. Tourism segments are dynamic; they evolve and change with consumer tastes and other factors. Some segments may mature and fade away with consumer preferences, while others may emerge as new lifestyle choices take hold. A strong cluster foundation supports existing segments and provides a nurturing environment for new products to emerge and grow.

Human Resources

High quality human resources are the key to a competitive tourism cluster, because tourism is primarily a service-based industry. They span the high-skill to low-skill spectrum, from hotel managers, chefs, and marketing specialists to entertainers, mountain guides and craftspeople. Raising the level of service, quality, and value for customers will greatly enhance Lebanon's cost-competitiveness in the international market.

Highly-Educated and Sophisticated Population. There is general consensus that Lebanon's human resources are a major strength of the tourism cluster. Lebanon's literacy rate, between 90-95 percent, is outstanding in the region. About 95 percent of all boys and girls are enrolled in primary and secondary schools, the highest percentage in the region. Lebanese have a traditional facility with languages; many speak French and English in addition to Arabic. This makes relationships with most tourists and foreign business contacts easy and effective. Commonly noted characteristics of Lebanese workers include an energetic, creative approach to life and a widely appreciated entrepreneurial spirit – resulting in a lively tourism scene and also a generally favorable business environment.

Insufficient Skilled Workers in the Tourism Cluster. However, human resource is also an important weakness in Lebanon's tourism cluster. During and after the war many of Lebanon's trained and skilled hotel managers and staff left the country. As a result, service levels often leave much to be desired. The international chains undertake in-house training, but many Lebanese hotels' training regimes are either conspicuously absent or decidedly uneven in content. Those that do provide staff training often find that trained employees would leave to work elsewhere in Lebanon or overseas. Overall, hotel training budgets are estimated to be low by international standards, ranging from US\$1.50 to US\$4.5 per employee per month.

Lebanon is now facing a serious shortage of workers in the semi-skilled and skilled categories, particularly in the restaurant and hotel businesses. According to a survey conducted by the SRI-Information International team in 2000, 60 percent of the hotel sector interviewees indicated difficulties in hiring from frontline to managerial positions. The travel agency industry also reported shortages of skilled ticketing and reservations employees, as well as accountants and receptionists.

While there are a number of training institutions, there is insufficient communication among the private sector, and between the private sector and the educational community, on specific training needs or on common strategies to deal with the problem. The scheduled opening of many new hotels and restaurants may create a human resource crisis in Lebanon's tourism cluster.

Physical Infrastructure

Physical infrastructure includes transportation, communications, and public services. This foundation factor is particularly important for niche segments such as nature, adventure, and ecotourism segments, which are usually concentrated in remote, underdeveloped, rural regions. For the tourism industry, advanced road systems must be augmented by a convenient and accessible public transportation system. Some transportation modes become tourism products in their own right: cable cars, cruise ships, cycling, hiking, scenic highways, etc.

Airport. The new, US\$650 million Beirut International Airport is presently operating at little more than 25 percent of its total capacity of 6 million passengers a year. Tourists represented 33 percent of the travellers passing through Beirut International Airport in 1999.¹

In an effort to stimulate increased demand, the government introduced an open skies policy in November 2000. This was not greeted favorably by Lebanon's national flag carrier, Middle East Airlines (MEA), which made a net loss of over US\$40 million in 1999 for the second year in succession. MEA, which is presently owned 99.37 percent by Lebanon's Central Bank, has had a very checkered history during its more than 50 years existence. Once one of the most successful airlines in the Middle East, its business all but collapsed during the civil war when Beirut airport was forced to close and, by 1992, it had accumulated debts exceeding US\$200 million. In the last four years it has lost a further US\$360 million.

There are now plans to privatize MEA. A study of the options is being carried out by the International Finance Corporation and the plan is to find a suitable partner for the airline. There is talk of a World Bank loan of US\$70 million to help finance the inevitable redundancies in which this would result.

Meanwhile, as a result of the financial difficulties of the national flag carrier, airfares remain high, dampening demand for leisure travel, according to both foreign and local tour operators. In addition, little support is forthcoming from MEA for joint destination promotion and marketing.

Roads. Close to 95 percent of Lebanon's existing road are technically paved, but the vast majority were rated by the Ministry of Transport in 1996 as being in only fair or poor condition. In 1999, the government invested US\$ 40 million in the construction of the Beirut Ring Road, rehabilitation of road networks in Beirut, and primary and secondary roads.

Utilities. Turning to electrical utilities, power shortages are still a problem. However, the current situation is a vast improvement over that which existed in the early 1990s. The government has invested US\$ 1.3 billion in the rehabilitation and extension of electrical power. The effective capacity available was about 1,520 MW in 1998, compared to 600 MW in 1992. Expansion projects continue.²

¹ U.S. Department of State. *FY2001 Country Commercial Guide: Lebanon*.

² Etudes & Consultations Economiques. *Investor's Guide*, p.125.

While Lebanon is not plagued by a natural water supply problem, mismanagement of existing water resources has led to increasing water shortage. The government is currently undertaking measures to improve existing water purification and distribution systems and extend others with new water infrastructure projects.³

Promotion/Image

A positive industry-wide image and focused promotion strategy are critical in attracting international tourists. Very often tourists do not differentiate between regions or products within a country. Countries or locations are typically identified with one or two key products (e.g., “sun and surf” in Barbados; nature and culture in Bali; food and shopping in Hong Kong, etc.). A successful industry must be supported by a positive and unique product image, bolstered by a cohesive, promotion strategy which has both product and market focuses.

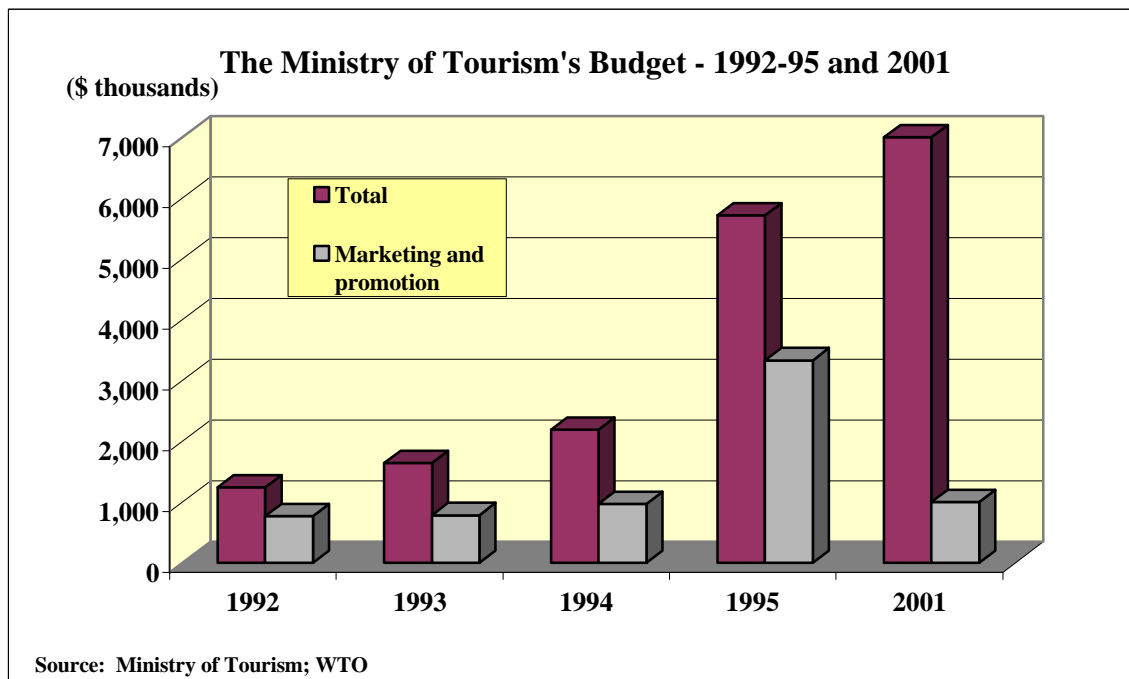
Negative Image. The civil war in Lebanon and the continued hostilities in the region all contribute to a negative image of Lebanon in a tourist’s eyes. Currently, tourists are travelling freely throughout the country with the exception of the southern border with Israel, which remains unstable. The presence of any troops, Syrian and Lebanese, will be noted in Beirut and at checkpoints on the highways, but they do not intrude significantly on the traveller’s perceptions. On the other hand, a typical pleasure tourist does not relish even the slightest perception of security risks, knowing that his/her trip is totally discretionary, so it must be recognized that the present political circumstances present a considerable amount of negative image burden to the Lebanese tourism cluster.

Inadequate Promotion. Lebanon’s tourism cluster suffers from a total lack of institutional support, funds and strategy to improve Lebanon’s image and promote tourism in target markets. Promotion is Lebanon’s most pressing need and yet also its most disregarded activity.

Although successive national governments have claimed they are eager to develop tourism, there has been little evidence so far to demonstrate that it is viewed as a strategic priority. The Ministry of Tourism's budget was expected to increase to US\$7 million for 2001, but only US\$1 million of this is reportedly earmarked for marketing and promotion. This is barely enough to print brochures – and these only in limited numbers – and participate in major travel trade fairs, where it shares exhibition costs with the private sector.

³ Ibid, p.135.

Budget constraints have resulted in the closure of all but two of the Ministry's foreign tourist offices in the last few years – Paris and Cairo. After the war, the Ministry re-opened its offices in Paris and London, and Frankfurt was scheduled to open in June 1997. In the Middle East, it had offices in Cairo, Jeddah and the United Arab Emirates. The opening of an office in New York had also been planned after the lifting of the U.S. government ban on U.S. travel to Lebanon. However, this was contingent on the reintroduction of airline service between the two countries, which has not yet occurred.



Policy/Regulatory Framework

Business policies, particularly tax policies, investment incentives, and business start-up procedures, are important for the development of tourism product segments, as well as to extend backward linkages to local suppliers. A business-friendly commercial policy environment can help draw many informal sector enterprises into the formal sector to become part of a cohesive tourism cluster.

Liberal Investment and Business Regimes. Lebanon is a relatively liberal, open economy. There are no restrictions placed on capital movements in and out of the country. Lebanon touts the most liberal banking regime in the Middle East, with bank secrecy strictly enforced. Foreign companies can acquire both property and interests in business enterprises. In 1993, a non-progressive ceiling of 10 percent was placed on the tax on profit and income. The liberal investment regime makes it easier for international investors to invest in Lebanon's tourism products.

Since taking power in November 2000, Prime Minister Hariri has emphasized further liberalization and privatization to spur economic growth. Prime Minister Hariri's Cabinet has

approved a number of reductions in customs duties. The government envisages trade liberalization as an important step towards Lebanon's transformation into a free-trade zone.

Open Skies. An 'Open Skies' decision has been taken by the new government that will allow foreign carriers to pick up passengers in Beirut *en route* to foreign destinations. It is believed that the new policy will increase passenger traffic through Beirut International Airport by 10 to 15 percent in the summer of 2001.⁴

Financial Sector Policies. Lebanon's present recession and chronic fiscal deficits have a tremendously negative impact on tourism investment, especially in the short term. Because the government has run budget deficits for such an extended period of time, Lebanon has accumulated debt in excess of its gross domestic product. Lebanon's fiscal situation has a negative impact on tourism financing in at least two ways:

- (1) Chronic deficits mean additional government investment in the tourism industry would be limited. This could range from tourism infrastructure investment to labor training and marketing and promotion.
- (2) Government borrowing to finance the debt has kept interest rates very high, crowding out private sector investment. The nominal interest rate on two-year Treasury bills is presently 14.14 percent. High interest rates raise the cost of private sector investment.

Exchange Rates. Looking at the exchange rate, the Lebanese pound has been steadily appreciating throughout the 1990s. The annual average exchange rate for 2000 was LBP 1,507 to US\$1, compared to LBP 1,741 to US\$1 for 1993. The relatively high-valued Lebanese pound will make its tourism industry less competitive internationally.

Sustainable Environment

A sustainable environment is the foundation of a viable tourism cluster. Environment preservation and the careful management of natural resources are particularly important for the sustainability of segments such as ecotourism and nature tourism. However, a sustainable environment extends beyond natural resources to the social impact of tourism. Uneven spatial development, crime, overcrowding, and denigration of indigenous cultures and the way of life must be avoided to provide the foundation for a healthy tourism cluster.

The most obvious deterioration of the environment from a tourist's point of view is the pollution of the coastal waters, particularly around Beirut and its environs. The coast is a tourist resource of great value and must be protected. There are also environmental problems elsewhere. The countryside of Lebanon was formerly clean and well-tended and a pleasure to look at, and tourist attractions and facilities were well-maintained. At the present time this is not true, with trash and abandoned cars or other large items evident almost everywhere. Part of the problem is due to reconstruction and can be expected to improve. However, there will need to be more stringent controls on zoning and waste disposal for Lebanon to regain its reputation as a place of distinctive beauty.

⁴ "Lebanon Opens Its Skies to Bring in Tourists," Middle East Web, November 7, 2000.

B. Competitive Assessment of Lebanon Tourism

Tourism as a Strategic Government Priority

One of Lebanon's difficulties in re-establishing itself on the world tourism map is that competition has increased sharply since its heyday in the mid-1970s. Neighboring states such as Egypt, Jordan, Israel and Dubai recognize tourism as a strategic economic priority, and have increasingly focused their efforts on tourism development as a means of economic growth and diversification. This has included making considerable public sector investment in infrastructure, offering incentives for investment from the private sector, and generally creating the underlying conditions for market confidence, dynamism and sustainability.

Market research conducted by Information International shows that Lebanon is not only competing with neighboring destinations, but also with those much further away. Gulf travellers, for example, are frequent visitors to Europe – particularly France and the Mediterranean – and Saudis and Bahrainis are increasingly opting for destinations in the Far East for leisure as well as business trips. Turkey and Cyprus are both popular destinations for both summer and off-season travel. All these different countries have developed tourism industries and their respective governments view tourism as a strategic priority, factoring it into mainstream policies for employment, trade, investment, education and environmental protection.

Lebanon's Weaknesses vis-à-vis Its Competitors

Information International's research has highlighted some of the weaknesses of Lebanon and its tourism product – or, at least, the perceived weaknesses in the eyes of actual and potential tourists.

Most importantly, Lebanon's unique selling appeal has been significantly diminished since its heyday. In other words, its good restaurants, nightlife and shopping can be found in a number of other destinations. Some of its former attractions have also become weaknesses, notably the standard of service in many of its hotels and the price of its accommodation. Other complaints relate to traffic congestion, poor transportation, pollution and a deterioration of the natural environment.

Arab tourists traveling with children also frequently bemoan the lack of sports facilities and other activities for families. For Western markets, primarily Europe, the main complaints center on poor organization of tour programs, a shortage of international standard budget hotel accommodation, and high prices for local transportation.

Two examples of Lebanon's major competing destinations – Dubai and Jordan – are highlighted below for the purposes of this analysis. While aspects of their success may not suit every country seeking to develop tourism, their experiences yield important lessons learned for Lebanon. Some of Dubai's success factors include: high-level government support and commitment, quality infrastructure investment designed to enhance the destination's natural assets, and professional and innovative international marketing. The example of Jordan also

highlights the importance of government and private investment in marketing and tourism promotion.

Competitor Experience: Dubai

When the Dubai government first pinpointed tourism as a key sector for its economic diversification drive, few observers anticipated the industry's subsequent remarkable growth. The consensus in the late 1980s was that international perceptions of the region's lack of stability would prove a tough obstacle to overcome – a view soon reinforced by the Gulf crisis of 1990-91.

However, the reality of the next ten years has confounded the doubters. A city viewed, in tourism terms, as little more than a duty-free stopover has become a highly acclaimed destination – the seventh most popular for Kuoni UK, for example – offering an outstanding range of facilities and services for both leisure and business travelers. Annual arrivals now exceed 3 million.

Dubai's main attraction is its wide range of facilities and activities available to tourists and business visitors and the high quality associated with its tourism product. Natural attractions include miles of clean, uncrowded beaches, the spectacular scenery of its desert dunes, and year-round sunshine. Yet its man-made environment has also added enormously to its wide appeal. The exotic atmosphere and bustle of its souks and dhow wharves and the distinctly Middle Eastern architecture of its windtowers, mosques and palaces, for example, offer a new experience for Western tourists.

Among the other important product developments that have contributed to Dubai's success as a tourism destination are the many festivals and world-famous sporting and cultural events that have acted as a magnet for tourists and filled hotel rooms off-season. Public sector infrastructure developments have also been critical to broadening the destination's appeal – the latest initiative is a new cruise terminal.

Government's commitment to tourism development has stimulated investment by the private sector in Dubai's tourism industry. Most importantly, all stakeholders in Dubai's tourism cluster – from the Department of Tourism & Commerce Marketing to each individual hotel and attractions operators – are involved in tourism planning, product development, marketing and promotion.

Competitor Experience: Jordan

Given the country's present economic difficulties, not least its huge debt, it would be unrealistic to expect Lebanon's Ministry of Tourism to enjoy kind of budget accorded to its counterparts in some leading tourism destinations in the region – say Egypt, Israel or Dubai. However, the example of Jordan should be highlighted since its success as a tourism destination – in many ways, at Lebanon's expense – provides some valuable lessons for Lebanon.

As part of its commitment to tourism, the Jordanian government set up a public-private national tourism organization, the Jordanian Tourist Board (JTB), in 1998. Its board of directors comprises 13 members, nine of whom are from the private sector, representing tour operators, travel agents, hotels and restaurants. Funding for the JTB comes 80 percent from government and 20 percent from the private sector. Although the government's contribution is fairly modest by Egyptian or Israeli standards – some US\$3 million a year is available for marketing and promotion – the partnership approach helps stretch the marketing dollars further and improve follow-up.

Jordan's advertising collateral is of an extremely high standard, serving to reinforce the destination's image as one offering a wide range of rich and varied attractions and activities for tourists.

As a result of its growing success over the last three years – despite the continuing political unrest in the region – tourism now contributes 18-19 percent of Jordan's GDP – a share that is expected to rise to over 20 percent by 2002.

C. Future Prospects

Lebanon's present economic growth prospects are good. Following the re-appointment of Rafik al-Hariri as Prime Minister after the September 2000 elections, the country is expected to climb slowly out of the recession that has plagued it since 1998. Inflation is presently running at 2.0 percent and GDP is forecast to grow by 1.5 percent in 2001.

Reconstruction can be expected to head the Lebanese government's agenda for the foreseeable future, although its ambitious plans will likely be scaled back and the private sector asked to play a bigger role in the whole process. Critical to tourism development is improvement of public transport, for example – the inadequacy of which is currently a major deterrent to independent leisure tourism.

Short- to medium-term tourism growth clearly depends to a large extent on a successful outcome to the Middle East peace process – something that, for the time being, looks elusive. But there are also other constraints to growth. Despite the recommendations of the WTO masterplan completed in 1995/96, the country still has no viable national tourism plan. No funds have been earmarked for specific tourism infrastructure improvements and there is little activity at local level.

Efforts by the private sector – the hotel association, in particular – to change this situation seem to have had some success, although these have not yet taken into account all the different sectors of tourism, such as conferences and exhibitions, religious tourism, and health tourism. The cruise market is still in its infancy and its development in the east Mediterranean cannot be tapped to the full until such time as Syria permits stopovers in Tel Aviv.

Nevertheless, private sector investment in Lebanon is helping to stimulate tourism growth and diversify the country's tourism product and market appeal. The government has made efforts to facilitate investment. As an example, incentives include the duty-free import of hospitality-related equipment and an interest rate support program for investment loans in the sector. However, the imposition of a 5 percent sales tax on all hospitality products and services has had a negative impact, especially since the funds collected are not presently reinvested back into industry-related infrastructure.

As far as the national tourism administration is concerned, provision should be made to ensure greater cooperation and coordination between different ministries and departments involved in tourism-related matters, such as the Ministry of Culture, Education and the Director of Antiquities.

Marketing and promotion should also be strengthened – both in Western holiday markets, where knowledge of Lebanon's tourism potential is relatively limited, but also in the Gulf where branding of Lebanon's tourism product needs to be carefully rethought.

Lebanon once enjoyed an unassailable position as a summer destination for tourists from the Gulf. That can no longer be taken for granted.

IV. THE MIDDLE METN TOURISM CLUSTER

A. Visitor Profile

In the late 1960s and early 1970s, before the outbreak of Lebanon's civil war, the Middle Metn region of Mount Lebanon was one of the most favored parts of the whole country, in terms of tourism business. Admittedly, it suffered from seasonal peaks and troughs but demand was so strong during the extended summer season, which stretched from as early as April until the end of October, that hotel operators could afford to live with low occupancy rates in the non-peak months.

There is little data available on hotel performance before 1975, although anecdotal evidence points to average occupancies of at least 70 percent year round in the main centers of Middle Metn, such as Broummana – and over a period of at least a decade. Middle Metn's main appeal during the hot summer months was its relatively cool climate. Its spectacular views over Beirut and the surrounding coastal and inland region, from its vantage point at 750 meters above sea level, attracted thousands of Arab tourists every summer, eager to escape from the high temperatures and arid climate of the Gulf. As a result, Broummana's population rose to 60,000 during the summer months from a low of about 15,000 in the off-season.

Most Arabs traveled to Lebanon with their families, spending one month or more in the region and taking advantage of the excellent restaurant and nightlife facilities in Middle Metn – major attractions for Gulf visitors. Beirut was a less attractive proposition, at least in terms of accommodation facilities, since there was little air-conditioning in hotels. In addition, traffic could be a problem – something that was unheard of in Middle Metn at the time. Beirut also lacked the quiet, green and natural surroundings that made Mount Lebanon such a restful environment in which to spend a vacation.

At the height of the Middle Metn tourism boom, hotel rates in the region in summer were up to 50 percent higher than those in the capital.

Although much less significant, demand for the Middle Metn region from Western tourists was more evenly spread throughout the year. But they, too, traveled there for weekend breaks away from the heat of Beirut – at only 20 minutes away – or simply for an evening to enjoy what rapidly became known as the best restaurants in the whole country. In addition, the higher mountains were also very popular with Western tourists – for walking, trekking and even skiing.

B. Hotel Performance

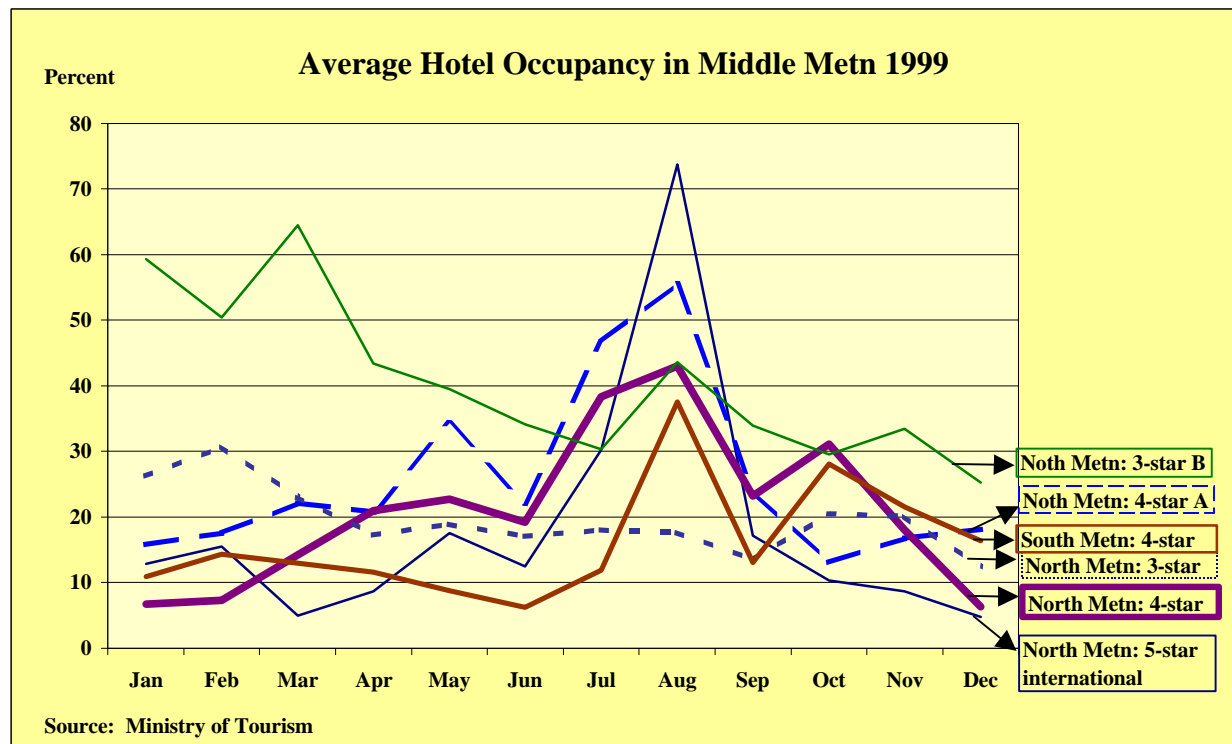
In the first few years after the end of the war, Middle Metn enjoyed a revival of tourism demand from the Gulf, but this was short-lived. In the last five years, in particular, the unprecedented hotel construction in Beirut – not to mention the competition in Jounieh along the coast from the capital – has adversely affected tourism business in Middle Metn. As reflected in

the following chart, demand was still strong from summer Gulf visitors for international standard properties in the region in 1999, but only for the month of August. Moreover, preliminary results point to a decline in demand in 2000.

The visitor profile has also reportedly changed. Arabs opting for Middle Metn tend to be older and less affluent. They stay in Middle Metn for shorter lengths of time and their focus is almost exclusively nightlife and entertainment. Few take advantage of the clean mountain air or natural environment to explore the surrounding area, and there is limited interest to visit the many historic sites scattered across the region. Admittedly, these do not rank alongside Baalbek or Anjaar, but they are nonetheless potentially interesting sites to tourists.

Three- and four-star hotels performed slightly better on average for the full 12 months of 1999. However, the peak month of August only registered a modest 56 percent occupancy in four-star A hotels, and an even lower 43 percent in four-star B properties. Three-star hotels started the year quite well – thanks largely to increased tour package business from European tour operators – but the political unrest and violence caused many cancellations and occupancy declined as the year progressed. This is largely due to the fact that clients for many of these tours are senior citizens and, therefore, more concerned about threats to their safety and security.

Furnished apartments, which cost US\$10,000 a month to rent in the mid-1990s, have also suffered from falling demand and declining yields. Real estate prices, meanwhile, have fallen by an estimated 30 percent since 1995/96.



C. Increase in Hotel Room Supply

In addition to the decline in demand, the major problem for Middle Metn's hotels is increased competition due to a growth in room supply. According to the Lebanese Hotel Owners Association, room capacity in the region has doubled since 1992/93 – either through new construction or restorations of properties damaged by the war and years of neglect. There are now around 600 international standard rooms – classified from three- to five-star (Lebanese standards) – or 1,600, if all categories are included in the count.

Additional projects are also in the pipeline – either under construction or in the planning stage. The most significant, in terms of competition, are the Grand Hills Village Resort and the Sheraton Claridge Hotel & Resort, both in Broummana.

The Lebanese-owned Grand Hills Village Resort, which was scheduled to open at the end of 2000, is a 77,000m² complex. It includes two residential quarters comprising 52 furnished apartments, a five-star hotel with up to 150 rooms and suites, 27 shops and boutiques, five restaurants, 425 parking spaces, a 35-seat theater, indoor and outdoor swimming pools, gym, gardens, health spa, footpaths and promenade.

Sheraton Claridge, which is owned by German and Canadian investors, is scheduled to open in 2002/03. The US\$25 million, 140-room boutique hotel will also include four restaurants, a small spa/health center, and a ballroom with seating for 800 banqueting style and 1,200 for a conference. Despite the decline in demand for hotel rooms since the mid-1990s, management is very bullish about operating projections.

A year-round occupancy of 65-70 percent is forecast with an average room rate of around US\$80. Starwood, owners of the Sheraton brand, says that it will attract high-spending Gulf travelers in the summer months and plans to fill its rooms with European senior travelers on group tour packages during the winter and shoulder seasons.

Whether or not Sheraton achieves its operating objectives, it is clear that Middle Metn's two existing international five-star hotels, the Al Bustan and Printania, will suffer from the new competition coming on line. Al Bustan should weather the storm better as it has a 450-room conference center and is actively promoting cultural events to fill its rooms off-season. But the lack of upgrading and renovations at the majority of the region's hotels will pose a continuing challenge to attracting more overnight visitors to Middle Metn.

V. SWOT ANALYSIS OF MIDDLE METN TOURISM

In order to gain a strategic understanding of the current situation regarding tourism in Middle Metn, the SRI team conducted a SWOT analysis of the Middle Metn tourism cluster. The SWOT analysis systematically identifies and evaluates the key factors affecting the current and future performance of the tourism sector in the region in order to focus tourism cluster initiatives on the most pressing issues – and ones that can provide realistic solutions in the short and longer term.

A. Summary of SWOT Analysis

Middle Metn Tourism Cluster SWOT

Strengths

- Restful natural environment and beautiful views
- Good climate
- Historic and natural sites
- First-class restaurants
- Excellent nightlife

Weaknesses

- Lack of government support/commitment to tourism on the national level
- Weak brand image
- Low value/cost ratio
- Deteriorating natural environment/lack of public parks and gardens
- Shortage of attractions, recreational activities and shopping centers
- Poor access roads/lack of sidewalks, signage, road lighting

Opportunities

- Develop a vision and a long-term, sustainable tourism development strategy
- Increase public-private cooperation and government involvement in tourism development
- Enhance the natural environment
- Upgrade/modernize existing properties
- Develop new attractions/activities/events
- Develop year-round markets
- Attract an emergency health center

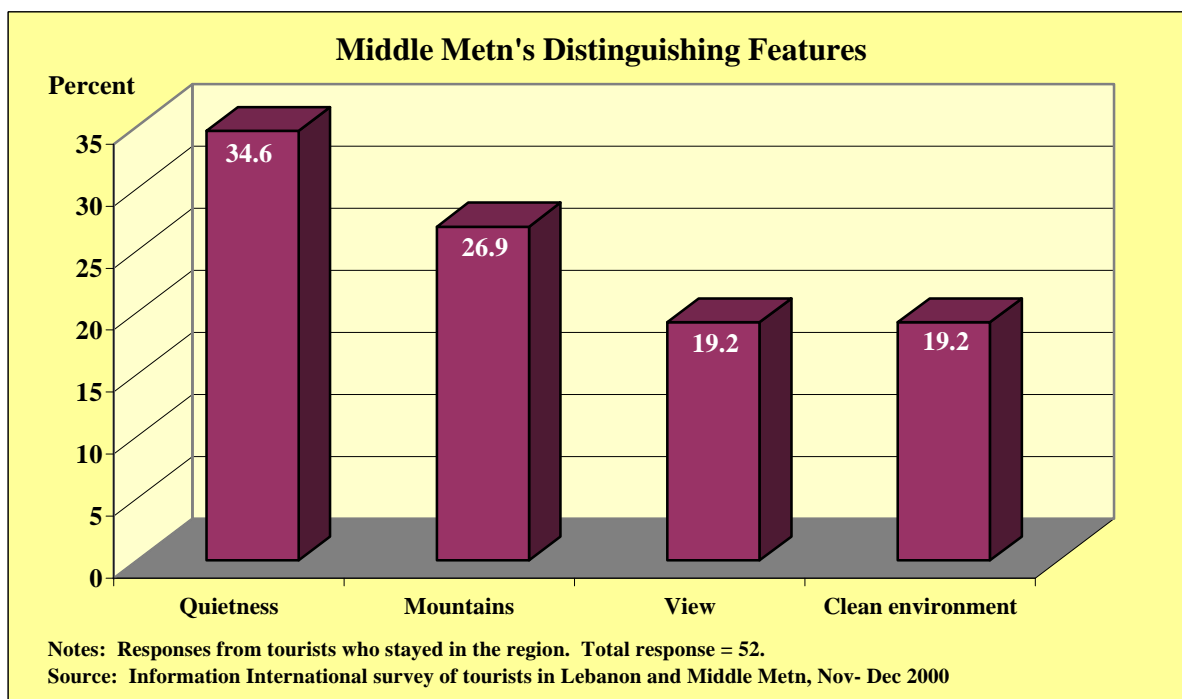
Threats

- Continued lack of government support/commitment to tourism
- Continued political unrest and uncertainties
- Increased competition from new upscale hotels
- Declining standards in tourism products and services

B. Strengths

Restful Natural Environment and Beautiful Views

Although not everyone is in agreement – as can be seen by some of the responses to Information International's market research shown in table below – Middle Metn is still viewed by many as a destination with a quiet, clean, and green environment. It is considered a restful place, removed from the noise and traffic of Beirut, yet with beautiful views over the city and the surrounding coast and countryside. This view of Middle Metn is shared by both tourists staying in the region and those staying in hotels in Beirut, although the attribute appears to be most highly prized by Arab visitors.



Good Climate

Middle Metn's reputedly good climate was also cited by Arab and non-Arab tourists to Lebanon, and has clearly been one of the major attractions of the region for summer Arab tourists in the past. Temperatures in Broummana, for example, which is at 750 metres altitude, are several degrees lower in the summer than they are in Beirut. This makes it much easier for families with children to spend summer vacations in the region, since they can more easily enjoy outdoor activities. Information International's research also suggests that Middle Metn's good climate is more appreciated by non-Arab tourists today than Arab visitors.

Key Features of Middle Metn Especially Liked by Tourists By Nationality, in Percent			
Feature	Arab	Non-Arab	Total
Nature	57.4	15.5	32.7
Quietness	7.4	8.3	7.9
Old Houses	5.9	3.1	4.2
View	16.2	16.5	16.4
Weather	10.3	21.7	17.0
Restful Environment	16.2	14.4	15.2
Night Clubs	4.4	1.0	2.4
Religious Sites	0	3.1	1.8
Shopping Center	2.9	4.1	3.6
Archeological Sites	0	5.2	3.0
Sample Base	68	97	165
Notes: Response from tourists not staying in the Middle Metn region. Source: Information International survey of tourists in Lebanon and Middle Metn, November to December 2000.			

Historic and Natural Sites

Lebanon's historic and natural sites – from Baalbek and Byblos to the Jeita Grotto and the Cedars – are among the primary attractions for many visitors to Lebanon, particularly Western visitors. Access to all these sites is just as easy, if not easier, from Middle Metn as it is from Beirut, where traffic delays can add considerable time to day-trips.

Mount Lebanon also has its own historic and natural sites that, if not as famous, are nonetheless interesting and attractive to tourists. Deir Al Kalaa in Beit Mery is one such example; others include the Serail Abi Lamaa and 18th Monastery of St Shaya in Broummana. Some of the villages in the region are also of archaeological interest, and there are two natural springs and a waterfall at Wadi Al aar, Baabdat.

First-class Restaurants

Broummana and the surrounding region are very famous for its restaurants. Several of Lebanon's best restaurants are located here and people visit it from far and wide, at all times of year, to enjoy a meal. During the peak summer months these restaurants are extremely full, which explains why some of the respondents to the Information International survey said they felt even more restaurants should open in the region. However, it would be difficult to fill them off-season.

Excellent Nightlife

A vibrant nightlife is a characteristic of the freedom and openness of the Lebanese society – something that has traditionally had a strong appeal for the Arab market. Unlike nightclubs in Beirut, however, the clubs in the region around Broummana are almost all closed outside the peak summer months, which is a major reason for the lack of business off-season.

Interestingly, in the context of the research for this study, nightclubs were not rated as highly as one would have imagined by tourists staying outside the Middle Metn region.

C. Weaknesses

Lack of Government Support/Commitment to Tourism on the National Level

A major weakness of the overall Lebanon tourism cluster is the fact that tourism is not seen as a strategic priority by the government – or has not been seen as one until recently – despite its potential to diversify the national economy. Consequently there is little coordination between government departments drawing up policies that have impact on tourism development. Lack of government attention on the cluster also means that resources available for joint marketing and promotion campaigns with the private sector have been woefully inadequate. Unless this changes, the continued lack of government support of the tourism cluster will be a constraining factor on Middle Metn's efforts to develop tourism into a major year-round business.

Weak Brand Image

The research by Information International shows that the image of Middle Metn suffers from brand confusion. While some praise the region's clean, green environment, others criticize its environmental degradation. A weak brand image weakens the unique appeal of Middle Metn vis-à-vis other destinations in Lebanon and in the region. Stakeholders in the Middle Metn tourism cluster need to define a vision for what they want their future tourism to be, and clear branding is required to reinforce the basic vision. If nature and outdoors activities were going to be Middle Metn's selling points, those tourism products need to be protected, improved, and effectively packaged and promoted.

Low Value/Cost Ratio

The cost of accommodation, meals and other tourist services are generally considered to be high in Lebanon, and Middle Metn is viewed as one of the more expensive parts of the country – particularly as far as accommodation is concerned. This view probably dates back to the pre-war era when visitors were more prepared to pay a premium to stay in the cooler mountain region.

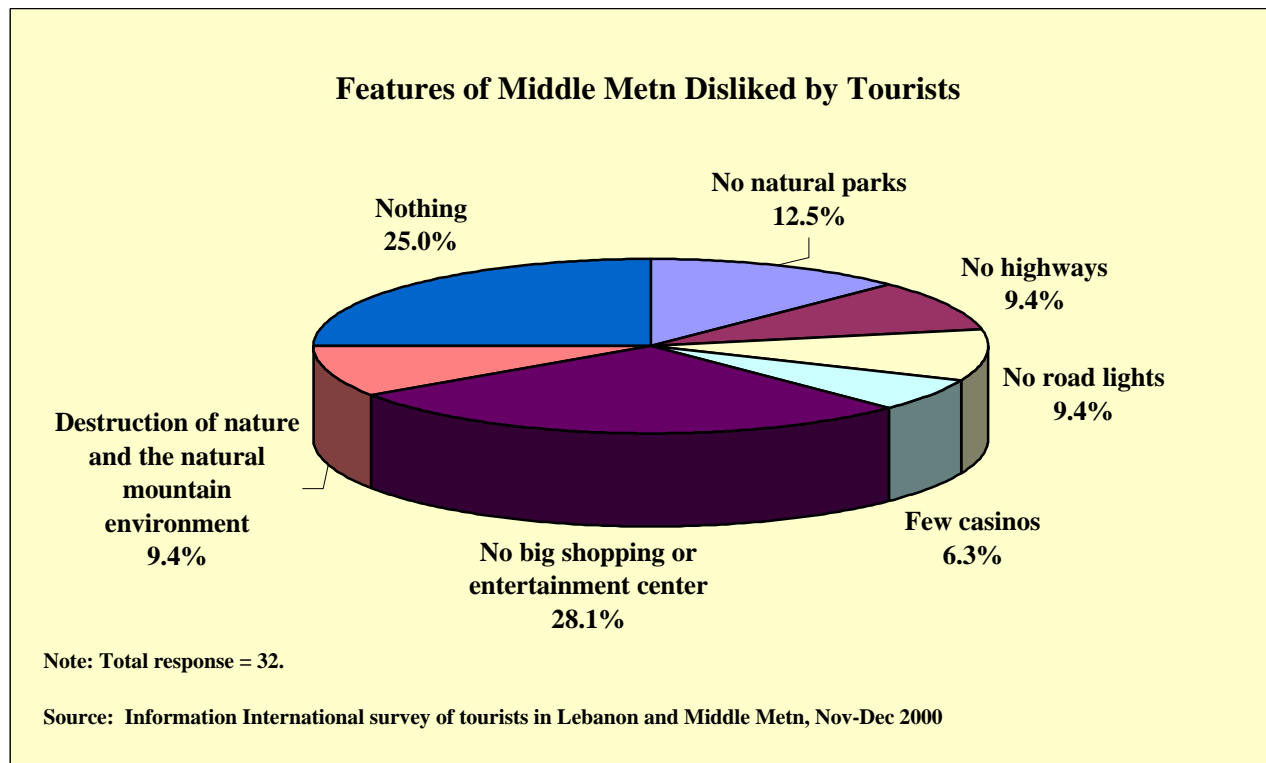
Some of the Arab tourists who were interviewed expressed the view that rental/leasing rates of apartments were a little high. The hotel construction boom in Beirut has put pressure on rates in the capital and this is now being felt by hotels in Middle Metn. Further rate-cutting can be expected as the additional deluxe room supply comes on line in Broummana.

Deteriorating Natural Environment/Lack of Public Parks and Gardens

The most obvious deterioration of the environment in the Middle Metn region is the damage caused by pollution and by the neglect of nature as a result of the civil war, but there are

also other environmental problems. The countryside is not particularly well-tended and a number of the attractions are poorly maintained. Trash is a fairly common sight. Part of the problem is due to the reconstruction but there are not sufficient controls on zoning and waste disposal – something that requires national legislation and better enforcement.

The Information International survey also suggests that the lack of public parks and gardens is also a deterrent to tourism. Even a few green areas would make a big difference to the attractiveness of some of the villages.



Shortage of Attractions/Recreational Activities/Lack of Shopping Centers

The lack of shopping centers was cited as a drawback to Middle Metn's attractiveness by a significant percentage of respondents to the Information International survey who were staying in Middle Metn, especially among the Arab tourists. The majority of visitors to Middle Metn are from the Gulf and stay for up to one month or more with their families in the region in the summer months. It is therefore not surprising that recreational and/or sporting activities rate highly with them and their children.

Most sports/fitness clubs in the region are privately owned and not open to tourists generally. There is an agreement that the Zaarour Country Club and its associated ski facilities could be used by visitors to the region, but facilities are fairly basic and competition from other ski resorts is very strong. There are only a few attractions with special interest for children.

The latest to open is the aquatic park and resort, Waves in Mansourieh, where there are already two other attractions/recreational parks, Splash Mountain and Putt Putt.

Among the different additional facilities/activities proposed by respondents to the Information International surveys, recreational/water parks rated most highly among both Arab and non-Arab tourists who have visited Middle Metn. Others included skiing, hiking, mountain climbing and spas/health resorts. There is also clear interest in having more music/cultural shows and festivals, as well as having a casino in the region.

Poor Access Roads, Lack of Sidewalks, Signage and Road Lighting

One of Middle Metn's main weaknesses is poor access. Although it is only a few miles away from the center of Beirut – or a 20-minute drive when traffic is clear – traffic congestion can be serious problem at peak travel times. This can add an hour to the one-way journey. In addition, once in Middle Metn, tourists have to contend with poor signage and road lighting, which makes independent travel very difficult, if not impossible. Overall, the lack of sidewalks also diminishes the enjoyment of strolling around the region's villages.

Rating of Additional Facilities/Activities Proposed by Tourists Who Visited Middle Metn

Activity	Rating
More shopping facilities	9.3
Recreational/water parks	8.6
Skiing	8.6
Nature parks/green areas	8.5
More Lebanese restaurants	8.1
Medical treatment center	7.9
Health spas/resorts	7.8
Casino	7.8
Archaeological sites	7.1
Music shows/festivals	7.1
Hiking/mountain climbing	6.4
Convention center	5.2
Religious sites	5.1
Beauty palace	4.7
Cultural shows	4
Museums	3.6

Rating on a scale of 1 to 10, with 1 = not important, and 10 = very important.

Source: Information International survey of tourists in Lebanon and Middle Metn, November-December 2000.

D. Opportunities

Develop a Vision and a Long-Term, Sustainable Tourism Development Strategy

Stakeholders in Middle Metn's tourism cluster have the opportunity to articulate their vision of what kind of tourism they wish to encourage and what type of brand image they want to promote to the target markets. The vision can guide Middle Metn's regional tourism development strategy. Since the tourism cluster affects many sectors of the economy, this planning will involve local government, private businesses, and local communities. Ideally, it should also include the Ministry of Tourism and all other ministries directly or indirectly affected by tourism. A well-thought-out, long-term regional strategy will encourage growth that is sustainable economically, environmentally and socially, and help spread the benefits equitably across the community.

Increase Public-Private Cooperation and Government Involvement in Tourism Development

Given the low priority presently accorded to tourism by the highest levels of the national government, there are opportunities for all stakeholders in the Middle Metn tourism cluster to collaborate and form a unified voice. This could increase the effectiveness of any lobbying efforts with the government, and help raise the level of the tourism industry to that of a national strategic priority. This will also improve coordination within the tourism cluster in terms of infrastructure development, training, as well as marketing and promotion.

Enhance the Natural Environment

Since many of Middle Metn's visitors value its natural beauty and pleasant environment, it is an invaluable tourism asset that should be protected and enhanced. Environmental protection needs to be built into an overall regional tourism policy to preserve the region's unique appeal. In addition, there should be a framework of local regulations to ensure sustainable development. There are opportunities to increase the appeal of the local villages just by improving street cleaning and garbage collection. One low-cost but often effective way to improve the environment could be annual contests that instill a sense of pride among the local community in their surroundings. This would encourage them to take more responsibility for protecting the local landscape and natural environment.

Upgrade/Modernize Existing Properties

As mentioned earlier, there is a perception that the value/cost ratio of Middle Metn's hotels is increasingly not competitive, meaning that the region's hotels are expensive for what they offer. There are opportunities to invest in existing properties, to upgrade and modernize local hotels, furnished apartments and attractions in Middle Metn in order to enhance their appeal. This will make them competitive with the new rooms coming on line both in Middle Metn and in the vicinity of Beirut.

Develop New Attractions/Activities/Events

New attractions can help increase the number, diversity, and length of stay of visitors to Middle Metn. The region's natural resources and its renowned restaurants and nightlife should be leveraged to develop new attractions, events and activities in the region. Examples include: a casino – although this would require a change in national legislation; conference center; and spa/health resort; etc.

Special events – such as music festivals, sports tournaments and cultural shows – can also be explored for the Lebanese, Arab and international markets. Another example of a special activity would be to take advantage of Broummana High School's high reputation to develop educational courses, such as French language studies, for young people in the summer months.

Developing Year-Round Markets

As seen from the occupancy rates in the Middle Metn region, hotels suffer from a high degree of seasonal fluctuations, which reduce overall profits for tourism business in the region. Seasonality also means an unstable job market for tourism workers because they could be laid off by hotels, restaurants, or attractions during non-peak months. Developing year-round markets will help build a stronger, more stable and sustainable tourism cluster in the region. There are opportunities for the region's hotels to utilize discounting or promotional prices during off-season in order to encourage the development a year-round market.

Attract an Emergency Health Center

The tourists interviewed by Information International have expressed interest in an emergency health center in Middle Metn. Such a center could offer emergency health services for business travelers and families visiting the region. It can also provide regular medical check-ups and diagnostic services for those interested in seeking a combination of health evaluation, recuperation, rest and relaxation, and healthful activities during their stay.

E. Threats

Continued Lack of Government Support/Commitment to Tourism

Lebanon's tourism performance over the past few years – which significantly fell short of the targets established by the World Tourism Organization masterplan in 1995/96 – reflect the difficulties a country has in developing its tourism industry without the full support and long-term commitment of its national government.

Continued Political Unrest and Uncertainties

One threat that is unfortunately beyond anyone's control is the continued political unrest in the region. While a speedy outcome to the Middle East peace process looks increasingly unlikely, the withdrawal of troops from southern Lebanon in May 2000 should be expected to switch the focus of concerns away from the country. In the meantime, Lebanon and Middle Metn could follow the example of Jordan and market the destination as a single country rather than as part of the wider Near East or Holy Land.

Increased Competition from New Upscale Hotels

The development of new hotels in the region – not to mention the huge construction in Beirut – makes it all the more important for existing properties to upgrade their facilities or to promote them through discounting so as to maintain, or gain, competitive edge.

Declining Standards in Tourism Products and Services

Another threat of the new competition could be a shortage of available human resources, and the risk of Middle Metn's hotels losing staff to the newer properties. When Lebanon's tourism growth takes off, there could be a serious shortage of skilled labor. Growth could put excessive strains on existing education and training facilities and on the quality of standards and service. This points to the importance of placing education and training at the forefront of the region's tourism development strategic plan.

VI. HIGH OPPORTUNITY MARKET SEGMENTS FOR MIDDLE METN

A. Target Markets

Current Demand

In 1974, prior to the outbreak of the civil war, the main sources of tourist arrivals in Lebanon were Arabs (63 percent), Europeans (18 percent) and Americans (8 percent). In 1999 the respective shares were 40 percent, 33 percent and 13 percent. The national tourism market has diversified significantly since the 1970s, with the Arab market accounting for a smaller share of visitors.

However, data on some of the region's hotels, supplemented by anecdotal evidence, suggest that the source of tourists for Middle Metn has not diversified as much as in the national tourism industry overall. Arabs still account for at least two-thirds of all guests in hotels and furnished apartments, with Lebanese expatriates accounting for the second largest source of business – ahead of Europeans and Americans. European and American arrivals largely comprise small, often budget-priced tour groups, dominated by senior travelers.

Research conducted by Information International for the purposes of this study suggest that, in addition to visitors staying in the Middle Metn region, around 15 percent of first-time travelers to Lebanon (17 percent of Arabs and 14 percent of non-Arabs) visit Broummana. Among frequent travelers, the share is as high as 55 percent of Arabs and 23 percent of non-Arabs.

According to Information International's research on visitors to Lebanon, about 30 percent of those interviewed said they were traveling on business, while 60 percent were visiting the country for leisure purposes and 10 percent were combining both business and leisure. These results should be interpreted with caution, both because of the relatively small sample surveyed, but also because the survey was carried out in October/November 2000 – months when leisure tourism to Lebanon was down as a result of the political unrest.

Among leisure travelers, 78 percent were traveling independently and 22 percent were on a tour package. However, the group share was as high as 60 percent for those aged 50 and over.

Of the total sample, 39 percent said they had visited/would visit one or more archaeological/historic sites during their stay, 26 percent (and 34 percent of Arabs) said they would enjoy Lebanon's nightlife, and 14 percent said they had visited/would visit the casino at Jounieh. Participation in some kind of sporting activity – mainly swimming – was also fairly high (16 percent), and shopping and restaurants ranked well up the list of things to do while in Lebanon.

Asked which additional facilities/activities they would like to enjoy in Lebanon, a high 84 percent of all respondents said they were interested in green areas. Music/cultural shows and events, more museums and casinos and health resorts were also cited.

Three main target markets have been identified as important for future tourism development in Middle Metn: Lebanese expatriates; Arab travelers; and the leading Western markets, i.e., Europe and North America. The Arab market includes primarily Gulf-based travelers – Arabs and expatriates living in the region – but there is also growing potential for leisure-based tourism from Egypt and, to a lesser extent, Jordan and Syria. Clearly, much will depend on the Middle East political situation and the progress (or lack thereof) of the peace process. Security concerns will also probably dampen demand especially from the U.S. market, which is more sensitive than the European market to travel in problem areas of the world.

In addition to the three main sources that are analyzed below, Middle Metn's tourism industry should not neglect the domestic market. Cultivating the domestic market can help ease the seasonality of tourism businesses. The development of new tourism products and attractions could generate good food and beverage business, as well as revenues from admissions, etc. But this will require a sustained advertising and promotion campaign in the Beirut media to create awareness and demand within the country.

B. Lebanese Expatriates

There is little hard data available on the Lebanese expatriate market, but it is clearly very important. Lebanese tend to spend less per day than visitors overall, since they stay mainly with friends and relatives or in their own secondary residences. However, they have a much higher length of stay than average and have reportedly shown consistent growth since the end of the war. Lebanese expatriates have also been responsible for injecting an estimated US\$7 billion of investments into the country since 1992.

It is difficult to estimate total numbers of Lebanese expatriates visiting the country, but a significant share of arrivals from Australia, Brazil, France, the United States and Canada is attributed to them. They are most likely to visit Lebanon during religious holidays – such as Christmas for Christians – and in the summer for family reunions.

The potential for Middle Metn is considered good, particularly for Lebanese expatriates who stay in the country for several weeks. It should be fairly easy to persuade them to spend some of that time at least in the mountains, especially if there are activities and attractions for different members of the family.

C. The Gulf Countries

The Arab Markets

The most important thing to note about the Arab market from the Gulf is that it has changed significantly since the mid-1970s. Gulf travelers are much more experienced and sophisticated than they used to be, in terms of their travel preferences, and there are far more

mid-market income travelers than before. Family travel is also increasingly important, and heads of families are more liberal in allowing their wives and children to travel without them.

There are no figures on outbound numbers from the Gulf Cooperation Council (GCC) states, but nationals from Saudi Arabia took an estimated 3 million trips abroad in 1998, spending a total of some US\$9-\$10 billion on travel, according to a survey by the *Saudi Gazette*.

Lebanon continues to be an attractive destination for Gulf country residents, both in the summer and other times of the year. For visitors from Dubai, Lebanon ranks alongside France, the United Kingdom and the United States for summer vacations, and is as popular as Egypt for vacations in the non-summer months. Saudi Arabians have similar views although they travel to Europe in winter as well as summer. Since Saudi Arabia is now trying to develop its own tourism business, it is also trying to persuade its nationals to take domestic trips in the cooler, green mountain areas rather than go abroad. The resort city of Taif in the mountains of Asir, for example, is very popular with families from Riyadh.

Bahrainis put Lebanon at the top of their favorite destinations' list for summer travel – interestingly, alongside the Far East – but they choose from a much wider range of destinations for short-break/secondary trips throughout the rest of the year. The Gulf states are a popular choice, as is the United States in the non-summer seasons, together with Egypt and Europe.

Outside the summer months, the most likely time for Gulf Arabs to visit Lebanon are the feast days of Adha and Fitr, which are post-pilgrimage and post-Ramadan feasts respectively. The summer season for travel extends from early July to mid-September, and summer vacations are up to 6-8 weeks long.

Understanding the Arab Market

It is important to note that, while customers in the Gulf are affluent, they are also seeking value for money and do significant comparison-shop. Some of those interviewed felt that Middle Metn has not offered them sufficient value for their money, which is why they have turned away from the destination in significant numbers. Other criticisms include the declining standards of accommodation and service, high prices (especially taxi fares); and complicated visa procedures. There has been a clear correlation in the last five years between tourism growth from these markets to different destinations and the ease in acquiring visas, or absence of visas, required by those markets.

As in Western families, women tend to be the decision-makers in planning vacations. Decisions are often made last minute. Arabs can be demanding and discerning customers who may change their plans at short notice, and can be concerned if they believe the product promised was not delivered. At the same time, they will praise those organizations and products that meet their expectations and recommend them to their friends and relatives.

The family market is looking for a choice of activities and attractions – theme parks, casinos, shopping, for example – and interest in scenery is high, especially greenery. They always need access to a car for excursions.

The travel business in the GCC countries is not structured in the traditional manner. Travel agencies are generally – but not always – part of family conglomerates. There are very few wholesalers *per se* so retail travel agents are just as likely to book directly with an inbound operator or hotel at the destination. This makes it even more important to ensure that the “Middle Metn” brand is well promoted among the travel trade in these states.

The exceptions are Emirates Holidays and Dnata, which are establishing themselves as regional wholesalers. The advantage of dealing with Emirates Holidays is that it is the subsidiary of the airline of the same name.

There are 2,000 travel agencies in Saudi Arabia and there is a constant search for new products to maintain competitive edge. There is a growing demand for family vacations, as in the GCC countries, and demand for health and sport is on the rise. Conference travel has also shown good growth and Saudis like participating in festivals and special events.

The best way of reaching Gulf travelers is through the travel trade – attending travel trade fairs, such as the Arabian Travel Market held annually at the Dubai World Trade Center, and by follow-up calls. Travel trade media with good circulation in the region include the bi-monthly *GCC Travel* – its head office is in Cyprus but the main advertising office is in Dubai – and *TTN - Travel & Tourism News - GCC* in Bahrain. Also published in Bahrain is *The Arab Traveler*, which claims to be the Arab world’s largest circulation travel magazine with more than 34,000 copies per issue. Copies are supplied in bulk to airport lounges in GCC countries, and to major hotels and resorts in the rooms of Arab-speaking guests.

Gulf-based Expatriates

There are an estimated 5 million or more Western expatriates based in the Gulf. They are generally well educated, affluent – often on tax-free salaries – and travel frequently for short breaks around the region. They like cultural/educational experiences and are drawn to Lebanon primarily because of its archaeological and historic sites. However, they also increasingly seek green destinations and nature-based tourism products – the type of scenery and activities they cannot get in the Gulf. Most prefer independent travel and are likely to book fly/drive packages directly with an airline.

Since it is inadvisable for foreigners to drive in Lebanon, they would be looking for chauffeur-driven cars, but price would be an important consideration. Daily rates for chauffeur-driven car rental in Lebanon are well above what most Westerners are used to in non-Western destinations.

The best means of reaching this market is through the *GCC Expatriate*, a 14-year-old publication that claims to be the only one aimed at expatriates living in the Gulf. It provides a

blend of news, views and financial information of interest to GCC expatriates. Current circulation is around 17,000 across the Gulf states.

According to *GCC Expatriate* readership research, 46 percent of readers spend most of their leisure money on vacations, with 53 percent taking more than one a year. Over 56 percent say they travel on business or first class seats. Europeans reportedly account for 63 percent of the publication's readership.

D. Other Arab Markets

The majority of Syrian arrivals, which are not included in Lebanon's tourism statistics, are workers or army personnel based in the country. However, there is a lot of cross-border travel from Syria into Lebanon for day-trips and shopping, or weekend family outings to Lebanon's beaches and mountains. This market may be worth tapping especially if a health resort/medical center is developed in the region.

Although Jordanians currently represent the second biggest source of intra-regional visitors to Lebanon, they are not considered to hold strong short-term growth potential. Arrival figures have been inflated by the number of immigrant workers from Jordan, and visas to Lebanon are difficult to obtain for Jordanians. Most importantly, demand is likely to remain flat until the political situation between Israel and the Palestine becomes clearer.

Egypt, on the other hand, could be an increasingly important source of business for Lebanon and Middle Metn, although Beirut is likely to attract the bulk of demand.

E. Europe

In 1999, Europeans made a total of 2.7 million trips to the Middle East, excluding Israel, according to the European Travel Monitor (ETM). About 1.2 million of those trips were made to Egypt.

The most popular destination in the Middle East for Europeans after Egypt is Dubai, which has registered sharp growth over the last few years. The number of British visitors to Dubai, for example, has shown double-digit increases for three consecutive years. The attraction of the destination lies mainly in the fact that it is good value for the money, and it offers a combination of sunshine, deluxe hotel accommodation, and good shopping. Part of the growth in demand from Europe has been due to the rise in meetings, incentive, conference and exhibition (MICE) travel, as well as sporting and other events.

As far as the Near East is concerned, most Europeans prefer multi-destination trips, which cover Syria and/or Jordan as well as Lebanon. Prices are relatively high so this makes the trip seem more worthwhile. Lebanon's historic and archaeological sites are the main draw, although most Europeans interviewed are also fascinated by the reconstruction of Beirut and its revival as the exotic destination of former years – the Monte Carlo of the Middle East.

Although overall travel demand in some European countries is reaching a ceiling, Europeans are traveling for leisure purposes in record numbers and are becoming increasingly sophisticated in their travel decision-making. If more were known about Lebanon, it could rapidly attract interest as a potential new destination.

However, as far as Middle Metn is concerned, the best potential would seem to lie in the middle-income segment during off-season. Given the relatively short time that European visitors spend in Lebanon, they are more likely to opt for Beirut as a base unless Middle Metn offers better value for the same price compared to Beirut.

The best way of reaching the European market is through the travel trade, either by participating in the leading travel trade fairs in the respective source countries, or by making individual visits to tour operators. Follow-up is extremely important and it would be more effective if Middle Metn's tourism industry works in cooperation with inbound tour operators or airlines.

F. North America

Like the Europeans, North Americans who visit the Middle East usually prefer multi-destination trips. Compared to the Europeans, Americans are definitely more risk-adverse and less likely to travel anywhere where danger or risks are perceived. The U.S. ban on travel by its citizens to Lebanon, which was lifted in 1997, has boosted arrivals from that market over the last few years, although the increase has been less marked than expected. Of the 40,000 U.S. arrivals in Lebanon in 1999, a significant share was business travelers, including those working for the U.S. government and multilateral aid agencies. The same was probably true with visitors from Canada.

Longer-term demand from North America is very promising, but the short-term outlook is less bullish. It would be wise not to make major investments in promotions in the North American market until the Middle East political situation shows some signs of easing.

VII. A REGIONAL TOURISM DEVELOPMENT ACTION PLAN FOR MIDDLE METN

A. Key Success Factors at the National Level

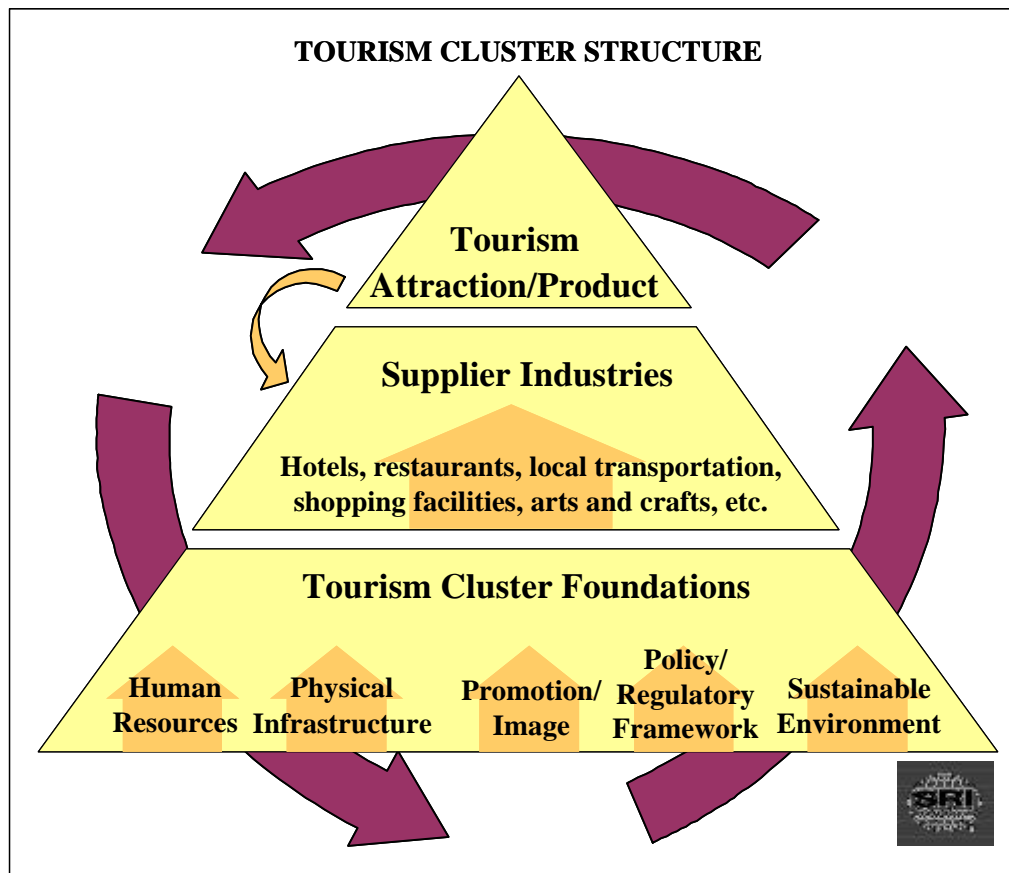
The Need to Make Tourism a Strategic Priority

As already indicated, the future growth of tourism to the Middle Metn region depends to a large extent on the Lebanese national government's commitment to tourism development and its support of the industry. While the private sector can and must play an increasingly important role in developing quality products and services, the national government must create the underlying conditions for market confidence, dynamism and sustainability. This includes encouraging investment, establishing fair regulations and fiscal regimes, and building infrastructure.

All stakeholders in Middle Metn's tourism cluster need to work closely together and, where possible, with the industry in Beirut and other parts of the country, to lobby the respective authorities to make tourism a key strategic priority. Tourism needs to be factored into mainstream policies for employment, trade, investment, education and environmental protection.

Also critical to the process is long-term tourism planning since the industry can be fragile and adversely affected by short-term political considerations. In addition, as tourism impacts all sectors of the economy, this planning must encompass all areas of government and industry.

The action plan and initiatives proposed in this chapter for a tourism development in Middle Metn address the major areas of the tourism development pyramid, including: the tourism industry foundation in Lebanon (human resources, infrastructure, policies/regulatory, promotion/image development, and the environment/sustainable development) as well as target attractions/new products. Initiatives and action steps will be required at both the national and regional levels.



Human Resource Development

The Lebanese national government should pay particular attention to placing education and training at the forefront of tourism development, introducing it into the school curricula and implementing measures to improve skills. Growth in tourism could put excessive strains on existing education and training facilities and on the quality of standards and service. This could have a more negative impact on the Middle Metn region than on Beirut as the capital has newer hotels and would attract employees away from the older properties.

It is important to recognize that once tourism really picks up in Lebanon, the career opportunities in tourism will be highly varied and more plentiful. Most importantly, jobs created by tourism – both directly and indirectly – range across the entire employment spectrum. They can be created at low cost and they provide an impetus to regeneration and social cohesion by counter-balancing the flow of people to the cities from disadvantaged rural areas.

Improved Physical Infrastructure

Improved access roads to Middle Metn are important for the development of the region's tourism. There is a strong argument in favor of improved road infrastructure as well. Any public infrastructure that supports tourism expansion will also serve other urban and regional development purposes. According to the visitor survey conducted by Information International,

upgrading and widening the highways in the Middle Metn region would be a major improvement in the attractiveness of the region. In addition, Middle Metn visitors specified that improved lighting of the highways was another key infrastructure improvement needed.

Policy/Regulatory Framework

In order to be competitive in the international market, private industry and the national government will need to update and upgrade Lebanon's tourism regulatory environment. The Ministry of Tourism will need to take the leading role in regulating Lebanon's tourism product, particularly through the development of a hotel and restaurant rating system which is consistent with international norms and standards. Other key regulatory issues in the tourism sector include tourism taxation, investment incentives for new development/attractions, zoning, visa policies, and environmental regulations.

The private sector will need to work closely the Tourism industry on an advisory basis, raising issues of concern, and reacting to and commenting on proposed new regulations and laws.

Sustainable Environment

Since the Rio Earth Summit in 1992, it has been widely recognized that sustainability has to be at the core of all policymaking and development planning. This holds especially true for tourism. With huge increases in the number of people travelling for tourism purposes over the next decade, there are evident implications for consumption, waste, and resource utilization.

It is imperative to ensure that the economic and social benefits that the industry brings, and the investment that underpins it, are sustainable in the longer term. This will require clear procedures and guidelines to be developed for planned and sustainable tourism expansion. Sustainability will need a balance of private initiative, economic instrument and regulation.

Promotion/Image Development

The national government and the Lebanese tourism industry should take note of the existing, highly successful examples of public-private sector partnership developed in several countries around the world for tourism promotion and marketing – in particular, in Canada and Australia, but also much closer to home in Jordan.

In order for this of partnership approach to be successful it is necessary to ensure high-level support and engagement and a declared strategy – with clear targets and a detailed implementation gameplan – and the involvement of major stakeholders in the development process. Substantially increased public sector funding will be necessary, as well as inducements to attract matching private sector funding. The private sector should take the lead in drawing up marketing strategies.

In today's increasingly competitive global marketplace, there is a real need for a strong national branding that reflects the vision of tourism in Lebanon that the government and its

citizens wish to develop. This will require a coordinated approach to Internet marketing and distribution to optimise Lebanon's visibility. The government should take the lead in developing a national tourism destination database, together with partners from the private sector, so as to improve distribution of Lebanon's tourism products and develop e-marketing skills.

B. Middle Metn Regional Tourism Cluster Initiatives

The SRI team proposes a set of regional tourism development initiatives that we believe will stimulate tourism growth in Middle Metn over the short and medium term.

These initiatives are designed to build on the Middle Metn strengths, and help overcome the weaknesses or disadvantages of Middle Metn. The initiatives proposed are formulated to address specific issues and "features disliked" by Middle Metn visitors in the Information International Visitors survey.

It is anticipated that each of the initiatives described below will be managed and coordinated by a public-private partnership coalition. The coalition would be comprised of tourism industry leaders (e.g., hotels, restaurants, entertainment, retail, and real estate developers) from the region, as well as managers in from relevant regional government functions (transportation, regional infrastructure planning, parks and recreation, etc.).

Summary of Cross-Cutting Foundation Initiatives

Institutional Development

1. ***Public-Private Partnership.*** Create a regional public-private sector body – a Middle Metn Tourism Development Committee - to manage and promote tourism more effectively and to lobby regional and national government to recognize tourism's strategic importance in the region.
2. ***Lobby For More Municipality Independence.*** The Tourism Development Committee should lobby with the national government for more municipality independence in the matters of zoning, building, environmental, and other regulations that affect regional tourism.

Promotion/Image Development

3. ***Middle Metn Marketing Campaign.*** Develop a brand image for Middle Metn and new promotional materials to market the brand in key source countries and via a new destination website. Attract tourism visitors to the region. Promote investment in tourism assets/attractions in Middle Metn.

Human Resource Development

4. ***Workforce Preparedness Initiative.*** This program will focus on enhancing the skills of the regional tourism workforce in Middle Metn. Businesses should take leadership in identifying critical human resource/skills requirements, and work with regional training providers to offer training products and services which meet industry needs.

Sustainable Environment

5. ***Beautification Initiative.*** Take measures to enhance the attractiveness of Middle Metn for tourists including construction of sidewalks, creating walking trails, signage development, planting of flowers and trees, cleaning the streets, and generally making the region more environmentally friendly.

Physical Infrastructure

6. ***Highway Improvement Project.*** Undertake road and highway improvements, including: highway repair; highway expansion; enhancement of road/highway lighting; and installation of tourist-friendly road signage and mapping.
7. ***Secure Electricity and Water Resources.*** Hotels and attraction owners in Middle Metn should work together and deal with water and power authorities to secure water resources, as well as electricity supply at competitive prices.

Summary of Short-Term Product Development

8. ***Event Creation.*** Create a series of events (film festivals, outdoor festivals, concerts, plays, etc.) for both leisure and business visitors year round.
9. ***Sports Activity Development.*** Create new activities for tourists, such as skiing, golfing, horseback riding, and other sports.
10. ***Entertainment/Shopping Development.*** Attract retail outlets and year round entertainment attractions.
11. ***Museum Establishment.*** Establish a museum of local history, or its flora and fauna.
12. ***Nature Park Establishment.*** Establish a nature park with footpaths, park benches, camping sites, a nature center and recreational facilities.

Summary of Longer-Term Flagship Initiatives

13. ***Business Conference Center Development.*** Build/attract an independent, large-scale business conference center in the Middle Metn region.

14. **Casino Establishment.** Establish a new casino in the region.
15. **Health Spa Development.** Build/attract health resort/spas, with at least one combined medical center.

Description of Initiatives -- Cross-Cutting Foundation Initiatives

Institutional Development

1. **Public-Private Partnership.** This initiative would create a regional public-private sector body - a Middle Metn Tourism Development Committee - to manage and promote tourism more effectively and to lobby regional and national governments to recognize tourism's strategic importance in the region. The partnership would be composed of key representatives from municipal governments and tourism business stakeholders in the region.

The principal activities of the partnership would include:

- Lobbying with national and regional governments
 - Development of brand and vision for the region's tourism and a plan as to how this should be implemented
 - Developing a marketing and promotional campaign
 - Identify tourism products/projects that should be promoted for investment in the region
 - Become the central contact and coordination point for all of the Middle Metn regional tourism development initiatives.
2. **Lobby For More Municipality Independence.** One issue that has been raised by several participants at the SRI presentation on February 26, 2001 was the lack of independence on the part of the municipalities on regulatory issues that affect regional tourism. They include, among others, zoning restrictions, building regulations, and environmental regulations. The result is that the region loses control of construction and infrastructure developments that affect the overall quality of Middle Metn's tourism image and product. The Tourism Development Committee, representing regional tourism stakeholders speaking in one voice, should lobby with the national government for more municipality independence in those matters.

Marketing/Promotion

3. **Middle Metn Marketing Campaign.** Under this initiative, the public-private partnership would be responsible for establishing an ongoing marketing function for the region.

The main responsibilities of this marketing initiative include:

- Develop a brand image for Middle Metn
- Produce new promotional material to market the brand in key source countries
- Develop a Middle Metn destination website listing all the attractions and events of the region, with longer-term possibilities for making reservations online.
- Create a package of brochures for different markets highlighting the range of activities and attractions available in Middle Metn
- Promote investment in tourism assets/attraction in Middle Metn.

Human Resource Development

4. ***Workforce Preparedness Initiative.*** This program will focus on enhancing the skills of the regional tourism workforce in Middle Metn. The main activities of this initiative include:

- Identify critical human resource/skills requirements by conducting workforce needs assessments
- Work with regional training providers to design training products and services which meet the industry needs
- Develop internship programs at regional hotels and tourism establishments in conjunction with regional and national tourism schools and colleges.

Sustainable Environment

5. ***Beautification Initiative.*** This initiative will work to enhance the attractiveness of Middle Metn for tourists.

The principal activities of this activity include:

- Construction of sidewalks in the Middle Metn towns and villages
- Creation of walking trails through mountains, woods and other sites of interest
- Installation of signage and mapping in principal Middle Metn towns and villages
- Creation of volunteer committees which will decorate the villages with flowers and ornamental trees and green areas
- Mobilization of cleaning of the streets and public places
- Implementation of a series of activities to keep the region environmentally friendly.

Physical Infrastructure

6. ***Highway Improvement Project.*** This will be a joint-venture initiative with the national government and regional public-private partnership. The objective of this activity is to improve road and highway infrastructure in the region.

The primary function of this program will be to undertake road and highway improvements including:

- Highway repair/upgrading
- Highway expansion and widening
- Road/highway lighting enhancements.
- Tourist-friendly road signage and mapping installation.

7. ***Secure Electricity and Water Resources.*** Hotel owners have mentioned high electricity prices and insufficient water resources as critical infrastructure issues particularly for hotel operators. This could be one of the lobbying initiatives taken up by the Middle Metn Tourism Development Committee. Negotiating with water and power authorities as a powerful buying block, hotel and attraction owners in Middle Metn can work together to try securing water resources, as well as electricity supply, at more competitive prices.

Description of Initiatives – Short-Term Product Development

8. ***Event Creation.*** Under this initiative, an Event Sub-committees will be established to organize tourism and cultural events in Middle Metn. The functions of the sub-committees are to create and organize a series of events to serve leisure and business visitors in Middle Metn during both high and low seasons.

These could include some of the following:

- Film festivals (e.g., annual Middle East/Arab film festival)
- Children’s carnivals with clowns, rides, games, and prizes
- Cultural events such as monthly music performances and plays
- An annual music festival
- An agricultural product festival
- Summer school courses at BHS (e.g., language teaching, arts classes, cooking, web page design etc.)
- Arts and craft fairs.

9. ***Sports Activity Development.*** Sub-committees will be established to create new outdoor sporting activities and events for tourists. For most of these events some annual type of tournament or race could be organized. Many of these events will be fairly low cost to organize. As such, this initiative is more about promotion than real investment.

The principal types of outdoor/sporting events to be organized are described below:

- Skiing (downhill and cross country)
- Snowboarding (organize snowboarding hot dog competition)

- Biking (introduce bike paths/trails and organize promote annual Middle Metn mountain bike race)
- Annual tennis tournament (on the grounds of Broummanna High School (BHS) or at one of the regional country clubs).
- Annual golf tournament at one of the regional country clubs.
- Mountain climbing and walking trails
- Horseback riding
- Camping

According to the visitors' survey conducted by Information International, further development of the skiing industry/resorts would be very important (second most important attraction) to making the region more attractive to tourists. The challenge so far in attracting people to Middle Metn for skiing is that the competition in Lebanon is very intense. Faraya-Mzaar is the most fashionable place to go and has a deluxe Inter-Continental hotel. It also has better ski slopes at a higher elevation than Zaarour.

A winning strategy for Middle Metn skiing market segmenting could be to promote Zaarour as a lower-cost, beginner friendly. Although only to 2,000m, skiers can also do cross-country skiing – “4km of track across the Sannine mountain.” The area also boasts good snow conditions because of the north-facing slopes. The region features panoramic views across the Valley of Skulls. Zaarour is a privately owned resort so it is well controlled, has excellent security, and orderly queues. It also offers a heated swimming pool and opportunities for other sports.

- 10. *Entertainment/Shopping Development.*** The objective of this initiative is to attract or build more specialized shopping stores and entertainment attractions in the Middle Metn region.

The following amusement/commercial activities would be high priority attractions or expansion targets for the Middle Metn tourism action plan:

- Shopping (shopping centers, specialty shopping, discount shopping, clothing, jewelry, art galleries, handicrafts, etc.)
- Restaurants, night clubs, bistros, cafes, internet cafes, juice bars, and coffee bars that open year-round to serve tourists and the “Yuppies” from Beirut
- Movie theatres and concert halls
- Local amusement parks/water parks to serve children and families

- 11. *Museum Establishment.*** The objective of this initiative is to establish a museum of local history, or its flora and fauna.

- This initiative could be developed at middle range level of cost and effort, possibly as part of the town hall in one of the local villages.
- It could present details about the history of the region, pre-war and during the war, and/or the local flora and fauna. There are reportedly 60 different species of flowers in Middle Metn, some of which are exclusive to the region.

- This museum should be of interest to locals and tourists alike.
12. ***Nature Park Establishment.*** Under this initiative, either government or private parties could establish a public nature park.
- The a nature park would set aside land as conservation land
 - The park would have minimal infrastructure development such as foot paths, park benches, camping sites, a nature center and basic recreational facilities
 - The nature center could provide exhibits on flora, fauna, and geology.
 - The park could also offer educational seminars and films on nature and the environment, and related topics.

Description of Initiatives -- Longer-Term Flagship Initiatives

13. ***Business Conference Center Development.*** The objective of this initiative is to build or attract a new business conference center in the Middle Metn region.
- This is a longer-term proposition. It is important to assess market demand before incurring what will be heavy investment. This is particularly important given the fact that the Sheraton Claridge will open in 2002/03 with an attached conference center that seats 800 banqueting style and 1,200 theater style.
 - If there is sufficient demand, a large-scale, independent conference facility could be a very attractive new product for the region, as the conference facilities in some of the existing hotels are smaller and lack up-to-date, modernized amenities and equipment. A large conference center, even with some room capacity, could generate sufficient spillover effects to increase occupancy and business for hotels and other tourism establishments in the region.
 - This initiative would require the commitment from all hotels in the regional to work together to attract business.
 - The potential competition from the Phoenicia in Beirut will be challenging, but it is still not certain whether a new independent conference center is to be built in the capital.
14. ***Casino Establishment.*** The objective of this initiative is to establish a new gaming casino in the Middle Metn region.
- The casino segment of the tourism market is a high growth, high yield segment internationally.
 - Numerous successful casinos have been established in the Middle East and they often draw significant numbers of clients from the Gulf countries. Egypt,

for example, has been highly successful in drawing tourists from Gulf countries to its many five star hotels in the Cairo, Luxor, and Red Sea regions by offering gambling in the hotel casinos.

- The biggest question that would need to be resolved is a legislative one. Would it be possible to open a new casino in Middle Metn? The Casino du Liban currently has a legislative monopoly on gambling in Lebanon. In order to open a new casino in Lebanon, the investor would need to first obtain a casino license from the government of Lebanon.

The most important next step in this initiative is to conduct further legislative research to determine whether a license or sub-license is possible.

15. *Health Spa Development.* The objective of this initiative is to build or attract health resorts and spas in the Middle Metn region.

- The basic spas would include steam baths, swimming pools, and saunas.
- If the complex includes a modern medical center equipped with doctors, diagnostic equipment, and therapeutic devices, it will also satisfy one of the top “felt needs” of Middle Metn tourists mentioned in the Information International survey -- having access to medical facilities. Medical facilities with hospital rooms can generate significant spillover to hotels in the Middle Metn area, especially when patients transition from medical treatment to rest and recuperation.
- At least one of the spas would be combined with a medical center to provide a comprehensive health/beauty/relaxation package. Based on international and Lebanon-specific market research, these spas tend to do best when they combine medical treatments with beauty/well-being activities. For example, medical center spas can attract yields of \$500 a day compared with \$200 for spa/beauty treatments.
- This product would require a very large area – about 30,000 m². To attract the upscale spa market, even the five-star hotels in the region need to upgrade to ensure similar level of services and facilities.
- The total investment cost estimated in the range of \$50 million. This is what it cost to build the Sanctuary Zara Spa and Medical Center on the Dead Sea in Jordan.
- In order to be financially viable, the medical spa would require about 100 guests/clients for the clinic every day. About 80 percent from of the clientele for such a project would likely come from the Gulf states.

- Competition to a new spa in Middle Metn would be formidable, both from the Moevenpick Spa (40,000 m²) and the Pheonicia's spa, which, when completed, will be very up-market.
- The SRI team also learned at the Berlin Hotel Investment Forum in February that a number of groups are planning spas in the Middle East, including Lebanon if the political situation improves. The Marketing Subcommittee of the Middle Metn Tourism Development Committee should link up with international investors specialized in spa resorts to explore the feasibility and market potential of a health spa in Middle Metn.